HOW TO SELL EQUITABLE POLICIES

How to Sell Equitable Policies

by

William Alexander

The Winthrop Press

October, 1907

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The Information of Agents

by

The Equitable Life Assurance Society
of the United States

Paul Morton, President

"THERE is no business in which it is possible for a man without capital to achieve such a financial success as in life insurance."

"LIFE insurance is one of the greatest financial institutions of modern times, and is acknowledged everywhere as a power for good."

PREFACE

The little book of essays, entitled "How to Sell Assurance" (of which some 15,000 copies have been distributed among Equitable agents) is out of print, and I have been asked to issue a revised edition. But it has seemed to me better, while drawing to some extent upon those essays, to write a substantially new book of practical advice to *Equitable* agents who have *Equitable* policies to sell; leaving them to look elsewhere for technical information about the principles of life insurance; the computation of premiums; the valuation of policies, etc. (In this connection see Section 22.)

My aim in this book has been--

1. To give practical hints to the inexperienced agent (a) on the art of soliciting, (b) on the advantage of representing such a company as the Equitable, and (c) on the agent's stock in trade—the policy-contracts;

2. To furnish a text-book for general agents to use in training their subordinates, and

3. To remind general agents of important facts which they sometimes forget, or overlook.

To the best of my knowledge and belief, the statements here made are true, and in strict accordance with the rules and usages of The Equitable Life Assurance Society of the United States. Nevertheless, the opinions expressed are my opinions, and I only am responsible for them.

William Alexander.

DO not pray for easy lives! Pray to be stronger men! Do not pray for tasks equal to your powers. Pray for powers equal to your tasks.

Phillips Brooks

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1. Introductory Suggestions.

I assume that you—the reader of this book—are already identified with the EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES, and have begun to offer Equitable policies for sale. If so, my first piece of advice is, *Don't look back.*

IF YOU ARE IN EARNEST YOU WILL SUCCEED.

I assume, of course, that you are in earnest; that you wish to succeed; that you are willing to work, *and intend to work.* I assume also that you have integrity of purpose; intelligence, and common sense. If so, you may discharge all doubts and fears from your mind. Why? (1) Because life insurance is a necessity—the people *must* have it. (2) Because, no matter what your peculiarities or idiosyncrasies, there are all sorts of people in the world. Hence agents having varying characteristics are needed to insure them.

IDLERS WILL FAIL.

If you are a trifler, or an idler, you may as well throw up the sponge at once—*and consign this book to your waste-paper-basket.* But if you intend to make life insurance your business, you will certainly succeed if you are in earnest, and have wit enough to avoid certain pitfalls that beset the path of the novice. And these you can easily avoid by heeding reasonable advice and exercising ordinary common sense.

1. "*To hesitate is to be damned.*" To succeed in any enterprise you must have confidence and determination. The man who makes up his mind to win, *wins*. The man who weights himself down with doubts and fears, *loses*. These are familiar truisms, and under ordinary circumstances it would be a waste of time to remind you of them, but soliciting is peculiar; and the agent *who does not start by burning his bridges behind him* is likely to fail. The reason for this is that his success or failure will depend on his *mental* attitude. Unless he is able to free himself from all entangling alliances; unless his mind is unruffled; unless he is able to concentrate his faculties on his work, he will meet with discouragements which may seriously retard his progress. This point is enlarged upon in Section 34. Here it is only necessary to emphasize the *fact*.

2. *Let no discouragements dampen your ardor*. Having chosen your calling, and having determined to succeed, don't dwell upon discouraging circumstances, but concentrate your thoughts on your advantages and opportunities.

You have chosen a dignified and advantageous calling: One which, in my judgment, furnishes greater opportunity to the man without capital, than any other open to men who are not already experts in some technical business or learned profession.

The work is full of interest, and its rewards come quickly.

An experienced writer on this branch of the subject says:

> Unquestionably there are now more opportunities to attain financial success in the life insurance business than in any of the so-called learned professions. The latter are over-crowded. Many attorneys are without clients, many physicians are with-

out patients. The same application of thought, energy, and persistence in the life insurance business will result in quicker and greater monetary returns than in any other legitimate line of work. Moreover, the lawyer, or the doctor, has to put up his sign and then sit down and wait for something to turn up. In life insurance the agent *can go out and turn something up*. Almost every man with whom he comes in contact is a possible client. He does not have to wait for clients to come to him, but he may go forth seeking them, and thus none of his time need be wasted."

3. *Don't go too fast*. Don't expect to be a full-fledged agent all at once.

Don't try to go it alone. Secure a position with one of the Society's experienced *General Agents*. It is quite as necessary for you to have training and experience as it is for the physician or the engineer. But you enjoy a great advantage: you can learn your trade *as you go along*.

Men of a certain stamp who refuse ever to be disheartened, have started out without guidance and have carved out success. But, even in such cases, *remunerative success* would certainly have come more quickly if they had served an apprenticeship under a general agent.

The best advice, then, that I can give you is: Be content with a subordinate position. Take advantage of every opportunity, but in certain respects go slowly. Get the most expert training you can secure. If that training is to be valuable, you cannot expect to get it without paying for it in some way. You are lucky in not being called upon to pay for it in cash.

But remember that while you can start without money, you must, nevertheless, accumulate capital—a capital consisting of knowledge, experience, aptitude and skill. Don't get the cart before the horse. Lay in that capital as speedily as possible, and you will make money. Try

to make your fortune all at once, trusting to luck or to the future for knowledge and skill, and your progress will be slow.

Many a youth just out of school or college, without business experience, has gone into life insurance and prospered from the very beginning. Others have made the attempt and failed. Why? Because they tried to go it alone. I could cite many instances. Let me mention two:

A young friend appealed to me some years ago. He had all the qualities to fit him for making a successful solicitor. I explained to him that there was no greater folly for a young man than to attempt in the beginning to go it alone; that the shrewdest thing for him to do would be to make a contract with a competent general agent, and I explained that *the larger the interest in the business retained by the general agent, the more rapid the young man's progress would be.*

In the case referred to, the general agent wished to give this young man a "taste of blood." So he arranged it that in the very beginning he should succeed in writing, with no serious difficulty, a large application. But this turned the young man's head. Why should he work under a general agent when business was so easily obtained? Why should he not paddle his own canoe? He tried, and failed.

Some years ago I knew a school teacher. He was highly cultivated, magnetic, attractive. He made acquaintances readily, and was popular with all who knew him. He agreed to solicit life insurance. I said to him, "Let the general agent do *all* the work at first, and let him realize *most* of the profit. Listen to him; watch him, and after awhile you will find yourself competent to do the work yourself. *After* that, you will find no difficulty in demanding and *securing* adequate pay for your services." What was the result? He saw that the general agent's work was done with ease, so he jumped in prematurely on his own account, and failed.

4. *Don't despise the assistance of the general agent.* The best agents are independent in the sense that they are self-reliant, but dependent in the sense that they accept all the assistance they can get. They seek advice,

and act upon it. They watch the men who succeed, to discover the secret of their success. They watch the men who fail, to guard against their blunders. They learn more from their own failures than from their successes. A shrewd man may fall into many errors, *but he never makes the same blunder twice.*

BUILD ON A SURE FOUNDATION.

To succeed you must have a clear knowledge of the principles, as well as the practice, of life insurance. Not to satisfy your vanity, or because it is agreeable to feel that you are cultivated, but because "there's money in it"—because *it will pay.* Why? Because in order to convince others you must be convinced yourself.

PUBLIC IGNORANCE.

It is astonishing how ignorant the average man is about life insurance. He has no conception of its scientific foundations. He has an impression that there is a good deal of guesswork about it; that the premium charges are arbitrary, and that if he insures, it will be doubtful whether he will get his full money's worth or not.

THE AGENT MUST KNOW.

Now it is not necessary for the agent to be a great mathematician or an accomplished actuary; for he is a salesman, not an executive officer or a teacher. But knowledge is power; and *power* is what the successful agent must exercise. Hence there is no part of this book to which the youthful solicitor should give such careful attention as Section 5, which gives a brief outline of the *theory* on which life insurance is based, and the stability of its foundations.

2. Aim High.

The maxim that "There's always room at the top" applies with peculiar force to the life insurance business. The best agent is the one who is ambitious. One of the chief recommendations of his calling is its scope. In many callings men of ability are held back. They are able to advance a little way and then their progress is barred. Life insurance agents are not thus retarded. There is always room for growth. Wider fields are always open to those *who are capable of filling them.* And the agent who begins at the bottom is more likely to reach the top than if he tries to find some short cut to success. In this respect he is like the mechanical engineer who serves an apprenticeship in the shop, or the railroad expert who begins at the bottom and works up. Most of the general agents of the various companies began at the beginning, and first achieved success as solicitors. And it is essential that the general agent shall be an expert solicitor in order that he may train the men employed by him, and may encourage them by *demonstrating* the ease with which a competent agent can secure business at times and in places where the inexperienced often fall down. In this connection see Section 31.

3. What the Agent Must Do First.

1. *Obtain an Equitable policy on your own life.* Carry it in your pocket. You'll find it the best canvassing document you can have.

2. *Present a prosperous appearance.* The Equitable Society is one of the most important of the World's financial institutions, and it is only proper that its agents should represent it in a dignified and fitting manner.

But this is not the primary reason for this advice. You must be well dressed *chiefly* because people judge the *company* by the *agent*. If you look prosperous, the stabliity of your company will be taken for granted. If you are shabby and down at heel the success of your company may be questioned.

See that your rate book, and the canvassing documents you carry in your pocket are always neat and trim.

See that your office has an air of order and thrift at all times. Then people will conclude that you are prosperous; that your wares have given satisfaction to others, and that consequently it may be worth their while to consider the expediency of insuring.

3. *Get to work without delay*. It is more important in the beginning for you to find out what to *do* than what to *be*.

But what can you do before you have become an accomplished solicitor? Well you can (1) Insure your friends if you go about it with tact and discrimination; (2) You can induce those who already have policies to increase their insurance. It is easy to convince a man who has a good thing that he needs more of the same commodity; (3) You can persuade procrastinators to *act*. You will find a multitude of men who are firm believers in life insurance. Such men do not need to be convinced. They simply need to be persuaded to take the plunge *at once* which they have determined to take *some day*. Such men *will* act if the way is made smooth for them.

Modern life insurance serves a great variety of useful purposes, but in the beginning you will succeed best with those who have families dependent on them. Any

novice can advance invincible arguments in favor of the kind of insurance whose primary object is to protect widows and orphans—the kind which can be advocated convincingly by any man of ordinary intelligence whether he has expert knowledge about the theory and practice of life insurance or not.

You can accomplish a great deal before you become an expert, if you go about your work in the right way. If you thus succeed in making money from the start, your progress will be rapid, for it is peculiarly true of soliciting that experience is the best teacher. An ounce of practice is worth twenty pounds of theory. The doctor learns most in the hospital, and the agent most in the field.

If you find yourself unexpectedly up against some difficult proposition, arrange for a second interview, and then consult the general agent as to the best form of policy to offer, the best arguments to use, and the best ways of removing the difficulties that have arrested your progress. If you are not in a position to obtain such advice, familiarize yourself in the very beginning with one or two of the simplest and most useful policy forms. These you will find easy to explain, and consequently, easy to sell.

Organize your work so as to economize every moment of your time.

No matter how small your beginnings may be, establish a good working system. Then, as your time becomes more and more valuable, a carefully prepared basis of organization will enable you to extend your operations in such a way as to make all your work *tell*, and thus prove *remunerative*. This important subject is dealt with, more at length, in Section 7.

4. What You Must Not Do.

It is quite as important to know what to avoid as to know what to do. Hence the pertinence of the following hints:

DON'T!

Don't talk too much. The tongue is a dagger which often assassinates success.

Don't be a bore. The agent who is a bore is a "back number."

Don't stray from the path. Some agents think that the way to insure a man is to give him full information regarding the mathematics and science of life insurance. But such agents write mighty little business.

Don't let the applicant get beyond his depth. It is not true hospitality to feed your guest so full that he cannot digest his food. Keep your eye on the applicant. See to it that he understands each proposition advanced. Don't expect to convince him by statements he can't comprehend. And when you have convinced him, *write the application.*

Don't stop half way. Finish your work. Your business is (1) to get a signature to an application and (2) to get a check for the premium.

Don't get discouraged by failure. Every failure gives experience, and every thoughtful agent can manufacture gold out of experience. The man who recognizes this truth, *and utilizes it,* will find that he has discovered the philosopher's stone.

Don't "twist" a man from one policy to another, or from one company to another. "Twisting" is scarcely better than a "confidence game."

Congratulate the man who is insured in any responsible company on the foresight he has exhibited in taking the policy he holds in that company. Show him that it is a valuable asset—that an old policy issued by any sound company is worth keeping. But show him also that he *needs more*, and that the Equitable is the company with which he must take the additional amount. You can never secure confidence in the Equitable by shaking a man's confidence in the insurance issued by any other reputable company. On the other hand, you can by a generous attitude increase your reputation for candor and fair dealing, and will thus extend your business by proving that you always look out for the true interests of your clients.*

Don't interview a man until you have tried to gain some knowledge of his circumstances. Don't offer a policy until you know that it will suit the case. Don't try to write an application until you are ready to submit a business proposition which any man of intelligence will recognize as worth considering.

Don't pester your customer. Don't try to do business with him at the wrong time, or in an inappropriate way. But this advice does not mean that you can afford to permit yourself to be side-tracked or blocked. You must always proceed with tact, and be ready to exercise infinite patience, but you must be equally ready to strike when the iron is hot—to carry forward a whirlwind campaign when that will serve best.

Don't let a customer procrastinate. And don't procrastinate yourself.

Don't mistake excuses for arguments. There are very few men who can successfully combat the arguments of a

* The Society publishes a number of leaflets on the subject of "twisting. Study these carefully.

competent Equitable agent if he can get the opportunity of presenting his case *adequately*.*

Don't lose your temper, and never grow excited. Keep cool and you will win.

Don't present superfluous arguments. In nine cases out of ten you will find that your customer believes in insurance; thinks well of the Equitable, and has intended to insure for a long time. In such a case there are but two things for you to do—persuade him to sign the application, and draw his check for the first premium to the order of the Society, and hand it to you.

Don't neglect the man who is already insured. As your business grows and your income increases, cultivate the *insuring habit*. Take from time to time an additional policy on your own life. By such an object lesson you can the more easily cultivate the insuring habit in your customers. Usually as a man grows older his *obligations* increase. Such a man ought to increase his insurance from time to time.

Don't waste your own time or your customer's time. Study conciseness—concentration. Prepare for every interview as a lawyer prepares to defend a client in court.†

Don't be unprepared or indefinite. Concentrate your faculties on your work. Write an application as a great surgeon performs a capital operation. His success often depends not only on his knowledge and experience, but on the skill, accuracy, and *rapidity* with which he does his work.

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* See Section 21.

† The necessity for economizing every moment of your time is dwelt upon in Section 7.

Don't offer a number of propositions, or describe a variety of policies. Use your expert knowledge in selecting and advocating the policy which in your judgment will best fit the case. If, during the progress of the negotiation, you find that facts previously unknown to you make another policy more appropriate you can change to that.

Don't conduct your business heedlessly. Map out the year's campaign; have a definite programme for the month; lay out carefully your work for each week, and finally adjust the business of every day so as to waste no time, and so as to secure the best results attainable. Compare your position to date with past achievements, and resolve to keep well ahead of all previous records.

Don't let any valuable facts or arguments escape you. Keep full records in your office, jotting down everything that may be of use to you.

5. Fundamental Principles.

To succeed, you must study the *foundations* of life insurance. This subject cannot be enlarged upon here, but a few explanations are essential.

No man will put good money into life insurance if he doubts its stability. And you must *know of your own knowledge* that it is absolutely trustworthy or you will not be able to speak convincingly.

WHAT THEN IS INSURANCE?

In another book I have offered the following definitions.*

* *The Life Insurance Company*, D. Appleton & Co., New York.

"In general, insurance may be described as a device for repairing a serious injury at a moderate cost. But what is this device? It is simply to bring together a number of people who agree that if a certain loss fall upon one of them, all shall unite in repairing that loss. Insurance protects the *individual* at the expense of the *many*."

So much for insurance in general. What about *Life* insurance?

"Life insurance, in its simplest form, sustains the widow who has lost the support of her husband. From this it will be seen that the life insurance idea must be as old as civilization itself. For it is one of the first principles of civilization that the survivors must provide for the families of those who die. The difficulty of performing this obvious duty by voluntary contributions suggested the idea of a business organization—the establishment, in short, of the life insurance company."

EVOLUTION.

At first life insurance was "without form, and void." No scientific basis had been developed. Gradually, however, the business took shape, and in 1762, the "Old Equitable" of London, was organized on sound principles by scientific men. Then adequate life insurance began to be offered by many companies throughout the civilized world. And ever since, its scope has been broadening, until now it serves a great variety of useful purposes.

SCIENTIFIC BASIS.

The *law of average* is the fundamental basis of all insurance. The insurance of *lives* depends on the application of the law of average to the duration of human life—called the *law of mortality*.

As everyone knows, nothing is more uncertain than the life of an *individual*. On the other hand, few things are more certain than the *average* duration of life of a *multitude of individuals*.

Observation proves that the law of mortality is as regular and uniform in its operation as the laws which govern the ebb and flow of the tides, or the succession of the seasons.

The statistics illustrating this law, when gathered together and tabulated, are called *mortality tables*. And the whole business of a life insurance company rests on, and is developed from, the facts embodied in such a table.

THE MORTALITY TABLE.

Many mortality tables have been prepared, but I shall refer only to the *American Experience Table*, because that is the one which has been employed in computing the premiums charged by the Equitable Life Assurance Society of the United States.

It would be folly for a life insurance company to try to find the correct charge for a policy on the life of one isolated person. Such a person may die to-morrow or may live for many years. All the company can do is to determine the *average cost* of the risks assumed on a *multitude* of lives. Then, although some will die early, others will live long, and the length of life *on the average* will be in substantial accordance with the predictions of the mortality table.

This will not necessarily be shown in the experience of a small company during its earlier years, because the law of average does not work accurately unless large numbers are under consideration. Hence it is advantageous to represent a large and firmly established company such as the Equitable, whose transactions are secure, because broadly based and widely distributed.

The American Experience Table of Mortality starts with 100,000 persons all 10 years of age. Of these, 749 will die during the first year, and only 99,251 will reach

THE AMERICAN EXPERIENCE TABLE OF MORTALITY

Completed Age.	Number surviving at each Age.	Deaths in each Year.	Completed Age.	Number surviving at each Age.	Deaths in each Year.	Completed Age.	Number surviving at each Age.	Deaths in each Year.
10	100,000	749	40	78,106	765	70	38,569	2,391
11	99,251	746	41	77,341	774	71	36,178	2,448
12	98,505	743	42	76,567	785	72	33,730	2,487
13	97,762	740	43	75,782	797	73	31,243	2,505
14	97,022	737	44	74,985	812	74	28,738	2,501
15	96,285	735	45	74,173	828	75	26,237	2,476
16	95,550	732	46	73,345	848	76	23,761	2,431
17	94,818	729	47	72,497	870	77	21,330	2,369
18	94,089	727	48	71,627	896	78	18,961	2,291
19	93,362	725	49	70,731	927	79	16,670	2,196
20	92,637	723	50	69,804	962	80	14,474	2,091
21	91,914	722	51	68,842	1,001	81	12,383	1,964
22	91,192	721	52	67,841	1,044	82	10,419	1,816
23	90,471	720	53	66,797	1,091	83	8,603	1,648
24	89,751	719	54	65,706	1,143	84	6,955	1,470
25	89,032	718	55	64,563	1,199	85	5,485	1,292
26	88,314	718	56	63,364	1,260	86	4,193	1,114
27	87,596	718	57	62,104	1,325	87	3,079	933
28	86,878	718	58	60,779	1,394	88	2,146	744
29	86,160	719	59	59,385	1,468	89	1,402	555
30	85,441	720	60	57,917	1,546	90	847	385
31	84,721	721	61	56,371	1,628	91	462	246
32	84,000	723	62	54,743	1,713	92	216	137
33	83,277	726	63	53,030	1,800	93	79	58
34	82,551	729	64	51,230	1,889	94	21	18
35	81,822	732	65	49,341	1,980	95	3	3
36	81,090	737	66	47,361	2,070			
37	80,353	742	67	45,291	2,158			
38	79,611	749	68	43,133	2,243			
39	78,862	756	69	40,890	2,321			

the age of eleven. Of the survivors, 746 will die during the second year, and only 98,505 will reach the age of twelve. Less than one-half will attain the age of 65. Only 3 will attain the age of 95, and presumably these 3 will die during the following year.

THE PREMIUM

In computing premiums it is necessary to take *interest* into account, and also to make provision for the *cost of conducting the business*. But to show, in the simplest way, the manner in which correct premium charges are determined we may temporarily disregard these two factors, i.e. *interest and expense.*

To illustrate the way in which the mortality table is utilized, I quote the following from another publication:*

"The cost of insurance when computed on what is called the *natural* basis is determined for each year separately.

"We may readily discover, for example, that the correct charge (if we disregard interest and expenses) for a man 40 years old, for $1,000 of insurance for one year, is $9.79.

"Here is the proof:

"Of the 100,000 persons with which the table begins, those still living at age 40 will number 78,106. Of these 765 will die within the following year. Hence, if these people associate themselves together to insure one another for $1,000 each, the sum of $765,000 must be contributed; for $1,000 must be paid to the estate of each one of the 765 members falling out during the year.

"To find the exact sum which *each person* must pay at the outset to establish this fund, it is only necessary to divide the total amount by the number of contributors. This will show that the contribution in each case must be $9.79; for $765,000 ÷ 78,106 = $9.79.

"If the association is continued for a second year, each member will necessarily pay for that year a slightly increased charge

* THE SUCCESSFUL AGENT, by William Alexander, published by the Spectator Company, 135 William street, N. Y.

(or premium) namely a trifle over \$10. (*i. e.* \$10.0076). There are two reasons for this increase: first, because the expense must be borne by a smaller number of survivors; and, second, because there will be more deaths during the second year than during the first.

"The amount which each must pay will be determined as before. Of the 77,341 survivors 774 will die. Hence \$774,000 must be paid. Each member, therefore, must pay \$10.0076; for \$774,000÷77,341=\$10.0076.

"For the third year a still larger sum must be paid; namely, \$785,000, and by a still smaller number of persons, namely, 76,567.

"Thus the cost of insurance on the *natural* basis (i. e., if computed from year to year) necessarily shows an annual increase, for if we study the average duration of life of a large body of men we shall find that the mortality steadily increases as they grow older."

In computing life insurance premiums *interest* is taken into account in order that the policyholder shall not be overcharged. The money received by a company from its policyholders must be invested, and must earn interest; and it is only fair, in fixing the charge in each case, that due allowance shall be made for interest earned.

No company, of course, can tell in advance precisely what its interest earnings will be; but it is usual, at the present time, to assume that 3% will be realized. Every company expects to earn more, and any excess over 3% is credited to surplus to increase the "return premium" or "dividend" which the company, as explained hereafter, will return to the policyholder.

When the correct charge, indicated by the mortality table, has been found, and an allowance has been made for interest, we have what is called the *net* (or *pure*) premium. To find the premium which the policyholder must actually pay, called the *gross* premium, something must be added to the net premium. This addition is called the *loading*. Usually it is a certain percentage of the net premium. This loading is intended to provide for all expenses, including the remuneration of agents.

As safety is the consideration of first importance in life insurance, this loading must be more than is regarded as absolutely necessary. But in the case of a company whose business is conducted on the "participating" plan no hardship need result, for the participating (or mutual) plan contemplates the return to policyholders of any excess left over after the company's insurance obligations, and its other liabilities, have been provided for.

From all this it will be seen that it makes little difference to the company what kind of policy the applicant selects. In each case the net premium represents approximately the cost of carrying the risk. The rest of the charge is the loading to cover expenses. And any part of the loading not needed for that purpose may be returned to the policyholder later on.

Ignorant people imagine that the premiums charged by life insurance companies are arbitrary, and unnecessarily high, but the agent who will analyse these charges will by that means obtain a strong argument in favor of maintaining the standard premium rates which have been charged for so many years. For it is obvious from what has already been said that no company can afford to cut into the net premium. The only reduction possible must come out of the loading; and when all fixed charges have been provided for, a very slender margin remains for contingencies. For this reason many actuaries contend that standard rates should never be disturbed, but that the effort of the management of each company should be to conduct its affairs with such skill and economy as to largely increase surplus earnings, and thus *indirectly* cut down the cost of the insurance by increasing the dividend.

If policyholders have been satisfied with the premiums charged heretofore they certainly ought to be satisfied

if the same premiums are charged hereafter, because it costs more to grant insurance to-day than has ever been the case heretofore. Interest earnings are less, and taxes have increased enormously. At the same time, the modern policy offers much more than did the policies formerly issued. The guarantees and surrender values are larger. Extra hazards are assumed without extra charge, whereas in former times extra premiums were charged for all extra risks assumed.

THE THREE METHODS OF CHARGING.

There are three ways of charging for life insurance:

1. *The Natural Basis.* (This is the method already illustrated on page 16.) On this basis the premium increases from year to year. This method has never been very popular with the public. The only policy issued by the Equitable on the natural basis is the *Yearly Renewable Term Policy*, described in Section 54.

2. *The Single Premium Basis.* One lump sum in advance. But this method is only employed in exceptional cases.

3. *The Level Premium Basis.* This third plan is the popular plan.

Most of the policies of the Equitable, and most of the policies of the other companies, are issued on that plan.

The rate in each case is fixed by the age of the insured *on the date upon which the policy is issued*, and the premium thus fixed remains the same from year to year. These annual charges are discovered as follows: The single premium appropriate in each case is first determined, and from that single premium a series of equivalent annual premiums (or annuities) are computed.

I have illustrated the manner in which the natural premium is derived from the mortality table, and you should familiarize yourself with the manner of determining the single premium and the level premium, but there is not space for such explanations here.* It is important also for you to learn how an actuary is able to determine whether a company is solvent or not; and, if solvent, how to determine its surplus strength. All this is important, because, if you know *of your own knowledge* that the strength of an insurance company can be measured as accurately as the strength of a bank or trust company, and if you know that when such tests are applied to the Equitable its magnificent strength can be absolutely demonstrated, you will be in a position to offer its policies with supreme confidence.

If you *know* that the business is founded on scientific principles; that the proper charges can be accurately determined; that the exact financial strength of the company can be clearly revealed from year to year, or from quarter to quarter, you will be able at all times to give a "reason for the faith that is in you," and thus increase your business.

6. The Money Value of Integrity.

No business enterprise can succeed unless it is based on *confidence*. And what is true in general is emphatically true of life insurance.

No agent can hope for permanent success unless he is straightforward and candid. Why? Because most men regard the agent as an *expert*. They believe that he can fool them if he chooses; and *unless he wins their*

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*These matters are explained in THE SUCCESSFUL AGENT. (See foot note page 16.) See also Section 22.

confidence he will seldom be able to insure them. The crooked solicitor may not recognize this difficulty; for most men are polite, and instead of giving expression to their doubts, get rid of men whom they suspect, by means of some plausible excuse. *But they get rid of them, and the applications remain unsigned.* It is quite true that a sharp agent can "fool some of the people some of the time," but no agent can achieve permanent and conspicuous success unless he is straightforward, and sells his customers policies that will satisfy them.

The best way to secure the confidence of the public, individually and collectively, is to build up a reputation for truthfulness. And as such a reputation can never be established by hypocrisy or trickery, the agent who intends to succeed, must, as a mere matter of policy if not as a matter of principle, make up his mind to be an honest man.

7. The Money Value of Time.

A large proportion of your time must be taken up in gathering information about the men whom you wish to insure; in preparing clean-cut convincing propositions to submit to them; in going from place to place, and in waiting for interviews. Even if your interviews are short, and your arguments concise, you will always be pressed for time.

You must eat, and sleep, and take *some* rest; and to crowd all you have to do each day into a period of only twenty-four hours will be exceedingly difficult.

On the other hand, you will learn from experience that you have chosen a calling in which the temptations to waste time are very strong. You are not tied down to office hours. You are your own master. You are free

to work or not as you see fit. Hence you must keep yourself well in hand, and resolve to be diligent *always*, even when you seek recreation to fit you for future effort.

In the very beginning *organize and systematize your work*. Map out each day's programme the night before. If you employ others, lay out their work for them, and keep them up to it.

Then *concentrate* your attention on the two things that will pay. (1) The most efficient and expeditious means at your disposal of getting the man to sign an application and (2) The immediate collection of the premium.

Watch out for the odd moments, and the hours will take care of themselves. Don't go north a mile, and then south a mile, and then turn your face northward again. Consolidate all the work you have to do in one locality before going elsewhere. When you cannot utilize your time in one way, utilize it in some other way. If you can't reach a man, gather information about him that will save time when you do get at him. If the man you want to talk to is out, hunt up his neighbors. Work and think, and plan, while waiting in your office or elsewhere for the man who has an appointment with you and is late.

You can telephone when you can't write: You can write when you can't telephone: You can send a booklet when you can't write.

Will is a great saver of time. If you *will* to insure a man's life your success will be immediate and sure unless the other man's will is *stronger than yours*. Even then you will triumph *if he does not oppose his will to yours*.

In this connection, I quote the following by an experienced writer:

"The only way to make a good showing during any year, is to begin at the very beginning and keep up unremitting and energetic efforts until the end of the year; to make every day count, and never permit yourself to rely upon the delusive hope that another month may restore what the preceding one has lost.

* * * *

"Your time is your capital. Learn to be economical of it and dexterous in the use of it. If, at the close of each day, you will think over what you have done, and will note how much time you have wasted so far as any desirable results are concerned, you may be led to keep a stricter watch upon the hours of the next day as they slip by. You can do a great work if you will never let a day pass without gathering some valuable result, and you will be surprised, at the end of the year, by the progress made."

Remember that the people whom you wish to insure will waste your time at every turn if you give them the chance. Most men hold back—try to put off action until a more convenient season—invent all kinds of plausible excuses. You must be patient and discriminating, but you must not permit yourself to be diverted from your purpose.

Turn, when you can, from the people who waste your time, and seek out men who are known to be business-like and prompt. There are multitudes of men and women in every civilized community who are uninsured or inadequately insured. You cannot interview them all. Make a careful selection, and follow up those who may be expected to give you quick returns.

Go first to men who have money, and can afford to insure for substantial amounts. It takes less time to

insure one man for \$10,000, than 10 men for \$1,000. And yet your remuneration is the same in either case.

Avoid discussions and disputes, which waste both time and money.

If you are in competition with the agent of another company determine to succeed. But remember that you can write an application *more quickly* in a case where there is no competition. In life insurance the "still hunt" pays best.

Be concise. One argument is better than twenty *if it wins the premium.*

8. Don't Bark Up the Wrong Tree.

Since the most precious commodity you have is your time, don't fritter it away in work that will not *pay.*

You may make a man very *unhappy* by proving to him that he and his family run a frightful risk as long as he remains uninsured, but you will gain nothing thereby if the man has no money with which to buy a policy.

Most men who are insured are *inadequately* insured. It is no waste of time to interview such men. But don't waste your time over those who already have more insurance than they can maintain permanently.

Never solicit a poor risk if you can help it. In nine cases out of ten you can tell without the aid of a doctor whether a man is a good risk or not. Turn from men who do not appear to be strong and well, thus avoiding disappointment, annoyance, embarrassment; and thus also saving valuable time.

Often an inexperienced agent after working for weeks or months is puzzled because a man who is seemingly convinced persistently refuses to be examined. The experienced agent will drop such a case because some intuition will tell him that the man is conscious of some impairment, but is unwilling to admit it. I do not here refer to timid people who are afraid to be examined, but to men who *know* they are uninsurable.

Don't forget that you are paid, not for convincing people that they need insurance, but for selling policies. And a policy is never sold until the premium is paid. And the only remuneration you will get *will come directly or indirectly out of that premium.*

You will be barking up the wrong tree if you convince a man that insurance is necessary, or succeed in silencing the agent of another company, if you fail to get a signature to an application in consequence.

Don't talk to the bachelor about his wife and children. Offer him an endowment policy or an annuity.

Don't appeal to the benevolent motives of a stingy man. Sell him a policy to protect his own fortune or safeguard his own investments.

Don't offer a long endowment to an old man, or any high premium policy to a poor man, or a term policy to a rich man. All such blunders will waste your time. THE AGENT'S MOST PRECIOUS COMMODITY IS TIME.

9. How to Get Clients.

Utilize your acquaintanceship as far as it extends. Insure the trades-people with whom you deal. By exercising tact and discrimination, you can establish *business* relations with the people with whom you have *social* relations.

From the very start seek to extend the circle of your acquaintance. Through the men you know seek to reach the men you do not know.

Clergymen are the first to visit widows and orphans, and are the first to see their misery when left unprovided for. Hence they are strong advocates of life insurance. Get acquainted with all the clergymen of every denomination in your neighborhood, and through them make acquaintances.

You can accomplish a great deal by judicious *correspondence* with people whom you do not know. Any letter which will excite sufficient curiosity to induce the recipient to ask for further information will be equivalent to an introduction.

Make it as easy as possible for a man to reply to your letter. Enclose a return postal card or addressed envelope. Or call attention to a *marked* paragraph in some leaflet. A man will take time to read a marked paragraph who would throw an unmarked document into his scrap basket. And if you can get him to read a marked paragraph, he may read the whole leaflet. And having read the whole, he may fill up, and return, the coupon at the end of the document. But beware of the fallacy that applications can be secured by correspondence. You can secure an interview by means of correspondence. You can secure a signature to an application only by personal solicitation.

The young agent may lack success because of his ignorance, but he *can learn*. Or he may fail because he is a beginner, *but experience will remedy that*. The *one supreme difficulty* that besets the path of the canvasser as long as he remains in the business is the difficulty of getting new clients; for it is not often that even an

experienced agent can go into the office of a total stranger and insure his life.

In this connection your difficulty will be twofold. First, to get *access* to a man; and second, to secure his *undivided attention*. It is not very hard to secure an interview. The chief difficulty is to awaken a man's interest. This is where the agent of experience has the advantage. Hence the inexperienced agent must exercise the greatest care in preparing for every interview. Hence the importance of knowing about the character and circumstances of the man you seek to interest.

By connecting yourself with social, business, and religious organizations you can, without any impropriety, get acquainted with people through whom your business can be enlarged later on.

When an Endowment matures or a death claim is paid, see to it that you get acquainted with the friends and relations of the persons interested.

Serve every client so well that he will be glad to introduce you to people with whom he has influence. Watch out for the time when the children of your clients get married or assume business responsibilities. When there is a birth in a family an additional policy is always appropiate and often a necessity.

Don't forget the ladies. Many wealthy women insure for the protection of their children—sometimes even for the benefit of the husband.

Many self-supporting women now protect those dependent on them, by means of life insurance.

But the business of getting clients is too broad a subject to be enlarged upon here; and, after all, success will

depend, not so much on advice from without as upon your own wit and wisdom; your own intelligence; your own resourcefulness, discrimination, tact, and industry.

GO FOR BIG GAME.

Don't fail to tackle the biggest men in your community, and get from each an application for the largest amount he can afford to carry. But never refuse small applications.

10. Prevent Lapsing.

Never let a customer lapse his policy. See that the way is made smooth for him to pay his second, third, and all subsequent premiums. Don't approach him as if you were a bill collector, but give him an encouraging report of the Society's condition and prospects; remind him of the value of his investment, and the advantage of paying another premium—making another deposit on account to his savings for the future. Don't let a customer get the false impression that his premium is a burdensome expense. Make him see that it is an installment on account of a valuable asset.

Show a man who is determined to surrender that his policy is growing more valuable every year and that he will get more if he waits. Thus, by persuading a man to delay temporarily you may later on induce him to hold fast permanently.

Don't fail to use every effort to get every deserter back into the fold.

Don't confine your efforts to your own customers. The customer of some other Equitable agent, who has surrendered his policy, can do you as much harm as one of your own clients who has gone back on you.

11. Don't Dwell on Disagreeable Subjects.

If unpleasant subjects must be touched upon, get rid of them as quickly as possible.

Many a man dreads the medical examination. But as soon as it is over he feels happy and is agreeably disappointed in finding that he has not been subjected to a very serious ordeal. It elates him moreover to know that he is a good risk. Then is the time to persuade him to increase the amount to be applied for.

Your customer usually hesitates to *commit himself*, and that is a disagreeable state of mind to be in. Hence get the application *signed* as soon as possible.

No man likes to pay out money when he knows that the return may be indefinitely postponed. Hence collect the first premium in advance, and give a conditional receipt in exchange for it. Your customer will feel better after he has taken the plunge than while he is shivering on the brink.

12. The Conditional Receipt.

If you can persuade a man to sign an application you can usually persuade him to sign a check for the first premium at the same time. There are exceptions, but, as a rule, *collect the premium in advance*. It will save your time. It will not give the applicant a chance to change his mind. It will not give the agent of another company the opportunity of "twisting" him. You will not have to convince him over again when you deliver the policy.

All this is self-evident, but the fact is sometimes overlooked that promptness is more important to the customer than to the agent. If he needs insurance he needs it *now*. Some accident may impair his health or take his life before the policy arrives. If you collect the premium at the start, and give a binding receipt in exchange, then the applicant becomes a policyholder instantly (subject of course to the approval of the risk by the Society).

Many cases are on record of claims paid by the Society in instances where there would have been no insurance if the applicant had waited for the policy to be issued. By delay the agent runs the risk of losing a comparatively small commission. By delay the applicant runs the risk of losing anywhere from $1,000 to $200,000 of insurance.

13. Think.

Do you think? If not, you deserve to be a failure.

Perhaps you say you haven't time to think—you have too much work to do.

But heedless work is profitless. You must think or fail. Take your choice.

So you must find time for concentrated, consecutive thought—as you walk from place to place; while you are waiting for an interview; before you go to bed; when you wake up in the morning.

You will never succeed if you are dull or apathetic. But if you think to good purpose; are modern; up to date, and always ready to adapt yourself to new conditions, you will succeed where others fail. Then you will advance while others will stand still, or drift backwards.

Study all the *incidental* arguments in favor of insurance.

Discover novel ways of offering different kinds of in surance.

Excite curiosity if you cannot awaken interest.

Sell insurance to the man who wants to *save*, whether he cares for the *protection* or not.

Show the *ambitious* man that through insurance he can become a capitalist *instantly*.

No men need insurance more than men of wealth—not to protect their families against destitution, but to protect their investments; to settle their estates; to give wife and children ready money to pay household expenses, school bills and doctor's bills at a time when the entire estate may be tied up in investments that cannot be converted into cash.

Don't tell the rich man that he is likely to fail, but advise him to protect himself and his family against the remote contingency of failure. It is true that statistics prove that few rich men keep their money, and that the men who fail are usually responsible for their losses, but if you have tact you will talk to your customer as if he were an exception, and needed insurance, not to protect him against his own errors, but against risks from without, such as every capitalist or business man is *necessarily* exposed to.

If a man owes money he should protect his obligations by life insurance.

If a man buys a house he insures it against fire. If he mortgages that house a *life* policy will pay the mortgage in case of his death, and an *endowment* policy will pay it whether he lives or dies.

Show men who have big incomes how they can, by putting a few thousand dollars each year into a premium, leave large sums at their death to individuals, or institutions, without encroaching upon their capital.

The lawyer spends a great deal of time and thought in preparing his case, but when he gets into court, the more direct and concise his appeal the better. The lawyer who is long winded, and diffuse, and wastes a great deal of time, and makes no impression, is usually the man who has not prepared his case adequately.

The agent must not be rigid or dogmatic. On the contrary he must be quick-witted and alert; ready to take advantage of every opportunity, and ready to change his mode of attack at a moment's notice. And he will be all the better able to proceed with freedom and elasticity if he has the confidence and composure due to a consciousness that he is thoroughly posted, and cannot be taken unawares.

INVESTMENT INSURANCE.

Much has been said against *investment insurance*, but in appropriate cases it is the easiest to sell, and the best to hold.

An Ordinary Life policy costs so much a year for protection only, and the premium must be paid for life. But the man who pays a little more for a limited payment life policy gets rid of his payments after a while and is better off in the long run. The investment element here is very small, but it is effective.

The investment element is more conspicuous in an endowment policy. Here the price is high if death comes quickly. (But the return in that event is neces-

sarily large anyway.) On the other hand, if life is prolonged an endowment will prove cheaper than *any* form of *life* policy.

Theorists contend that if a man can afford to pay an Endowment premium it would be better for him to use part of the money in buying an Ordinary Life policy and the rest in making a Savings Bank deposit. But everyone knows that few men will think of such a combination, and if they do think of it, few will carry it out. They will fail to deposit the money or they will spend it after they have deposited it.

A boat is one thing, and a steam-engine is another thing. It is only when these two things are brought together that we have a steamer, with its many advantages over a sailing vessel.

To show the value of investment insurance, and the advantage of submitting a proposition in an attractive way, the following illustration of a 25-year Endowment policy is given:

BETTER THAN A GOVERNMENT BOND.

If you buy a Government bond you must pay for it in advance, whereas you may pay for a policy in *instalments*.

But that is not all:

Suppose the Government should permit you to pay for a bond in *twenty equal annual instalments*. What would be the result if you chanced to die before making all the payments? Your estate would be forced to pay the rest, would it not? But, if you buy a policy, and pay for it in instalments, and die before all have fallen due, the *unpaid instalments will be canceled* and your estate will have nothing further to pay. The policy will instantly mature, and the Company will pay the full amount of the insurance at once.

But the policy has other advantages. Not only can it be secured on more liberal *terms*, but the *cost will be less*, and the *income will be greater*.

COST.

United States bonds are selling at so high a price that they now yield an income of scarcely 2%.

A 4% Government bond for $10,000, at 130 for example, would cost you $13,000. And if you could pay for it in twenty instalments the charge each year would be $650.

Oompare this with a 25-Year Endowment Policy for $10,000.

The policy will cost less than the bond. How much less will depend (1) on your age, and (2) on certain future contingencies.

If you are 25 years old, the charge will be $399 per annum.

If you should die before the second instalment falls due, the return for your investment of $399 will be $10,000. That amount invested at 4% would yield $400 a year, which is equivalent to an annual income of 100% on the $399 invested.

The return in the event of death at any time during the twenty-five years is shown in the following table:

$10,000 25-YEAR ENDOWMENT AGE 25, PREM. $399				
			ANNUAL INCOME—	
Money Invested up to End of—	Face of Policy	Balance of Profit to Estate	on Face of Policy, if 4% Int. Realized	on Money Invested, if Death Occurs During—
1st Yr. $399	$10,000	$9,601	$400	1st Yr. 100.25%
2d " 798	10,000	9,202	400	2d " 50.12%
3d " 1,197	10,000	8,803	400	3d " 33.08%
4th " 1,596	10,000	8,404	400	4th " 25.06%
5th " 1,995	10,000	8,005	400	5th " 20.05%
6th " 2,394	10,000	7,606	400	6th " 16.6 %
7th " 2,793	10,000	7,207	400	7th " 14.3 %
8th " 3,192	10,000	6,808	400	8th " 12.5 %
9th " 3,591	10,000	6,409	400	9th " 11.1 %
10th " 3,990	10,000	6,010	400	10th " 10. %
11th " 4,389	10,000	5,611	400	11th " 9. %
12th " 4,788	10,000	5,212	400	12th " 8.3 %
13th " 5,187	10,000	4,813	400	13th " 7.7 %
14th " 5,586	10,000	4,414	400	14th " 7. %
15th " 5,985	10,000	4,015	400	15th " 6.6 %
16th " 6,384	10,000	3,616	400	16th " 6.2 %
17th " 6,783	10,000	3,217	400	17th " 5.8 %
18th " 7,182	10,000	2,818	400	18th " 5.5 %
19th " 7,581	10,000	2,419	400	19th " 5.2 %
20th " 7,980	10,000	2,020	400	20th " 5. %
21st " 8,379	10,000	1,621	400	21st " 4.8 %
22d " 8,778	10,000	1,222	400	22d " 4.5 %
23d " 9,177	10,000	823	400	23d " 4.3 %
24th " 9,576	10,000	424	400	24th " 4.16%
25th " 9,975	10,000	25	400	25th " 4. %

Having examined this table, you may say: "I grant you that a policy will yield a large profit to my heirs if I die prematurely. But if I live for twenty-four years and then die, or for twenty-five years and collect my $10,000, the result will be less favorable."

That is true, but it will still be *favorable*—much more favorable than appears from a superficial examination of the table; and that for the following reasons:

1. *The Investment is* INSURED, *and that costs Money.*

The cost of the policy described in the foregoing table will be as follows, if the Insured is alive at the end of the endowment period.

Gross cost of Investment:

25 Instalments of $399 each	$9,975
Less cost of *insuring* the investment while the instalments are being paid. (Computed on the principle adopted in granting *fire* insurance)	3,605
Real Cost (if we disregard dividends)	$6,370

If you invest the $10,000 realized, at 4%, it will yield $400 a year, which is equivalent to an annual income of over 6% on the $6,370 invested.

2. *Dividends.*

But the foregoing policy is entitled to annual dividends, which will reduce the cost still further.

NOTE IN REFERENCE TO AGE.

The cost of a Government Bond varies according to the rate of interest promised and the length of time the bond has to run.

The cost of an endowment policy varies according to the age of the purchaser and the length of the endowment period.

The foregoing illustration is based on age 25. It is true that the purchaser who is older must pay more, but it is also true that the purchaser who is younger will pay less.

The moral of this is that if you decide to buy a policy the *sooner* you do so the cheaper it will be.

Some people who refuse to buy *life insurance* may be attracted by some form of *annuity*. (See section 59.) An annuity may not fit the case, but it may serve as an introduction to the description of a policy that *will* fit the case.

Of course, these are merely illustrative suggestions. You must think and act for yourself. What you work out in this way will be of far greater value to you than any propositions originating with others.

One of the shrewdest insurance men I have ever known writes as follows on this subject:

Make up your mind whether or not you are willing to put the intelligence and energy into the work that will cause you to rise superior to all hindrances.

So great has competition become, and so vigorously has the business of life insurance been pushed, that in order to succeed you must rise earlier, sit up later, and work harder and more skilfully than those around you.

* * * *

There are men who are called successful. People sometimes envy them. How have they attained their successes? By system, by order, by incessant thought and industrious work. When others were enjoying their ease, they have devoted the time to laying out plans for the next day and for the future.

You may say that this is a hard life. It may or it may not be hard, according to the disposition of the individual. The successful man derives more pleasure and real satisfaction from his hard-working life than ever comes to the man who neglects his business and suffers the penalty which such neglect brings. If you do not like this course of life, you may think you pay a severe penalty for success. But in the great rush of modern affairs, this penalty must always be paid before a great success can be achieved.

* * * *

An old writer says that "Nature is exacting and relentless." We all know that if we violate any of her laws punishment will

come surely and swiftly. The business world is governed by similar principles. Cause and effect are clearly outlined on every hand. If a man has not wisely planned his course, has not thoughtfully provided for all contingencies, his failure is almost certain to come. Think before you act—take time to make up your mind as to the best means to be used to accomplish the desired result. It is worth the most series reflection; don't make any mistake about this. The Committee of Ways and Means is an important one. Time will not be wasted which is given to it. Make your foundations solid, and then there will be no fear for the superstructure if you are skilful and industrious.

14. The Equitable Offers Insurance at Reasonable Rates.

The Equitable has been doing a large and successful business for nearly fifty years in spite of the competition of many companies that have offered insurance for less money. What is the secret of the Equitable's success in the face of such competition? To answer this we must answer another question, namely, "In what does real cheapness consist?"

Real cheapness depends on *quality*, *quantity* and *price*.

In life insurance the maxim that "*The best is the cheapest*," is significantly true. A policy is like a vessel in which a man's loved ones are to embark. Such a vessel should be staunch—able not only to prosper in fair weather, but to withstand every storm.

The Society has issued a number of documents on "cheap" insurance, and the subject need not be enlarged upon here. The main thing for you to remember is that quality is more important than price, and that quantity must also be considered.

Why has assessment insurance proved expensive? For one reason, because it has often been inadequate in quantity. A small premium is charged for $1000 of insurance, but a careful reading of the policy (or certificate) will show the purchaser that under certain contingencies the company retains the right to settle *for a smaller sum* than $1,000. You should have at hand a list of assessment companies that have failed. When an assessment company fails it usually has on its books many policyholders who are impaired risks (men who could not get insurance elsewhere). Usually such a company is left with a number of death claims that cannot be paid. Is not such insurance expensive?

If you do *your* part, intelligent men will not hesitate to pay an *adequate* premium for insurance. The market is full of railroad bonds that promise 4%. The shrewd investor deliberately selects bonds at a price above par, and passes by other bonds offered at prices considerably below par. The promises in each case are identically the same. Why does the investor choose the high-priced bonds? Because he believes them to be cheaper.

The American life insurance companies have equal opportunities for investing their funds. Nevertheless one company realizes on the average a higher rate of interest than another. Why? Because it is willing to take chances in order to secure a larger income, so as to pay larger dividends. This being so, the shrewd investor, if the facts are clearly stated to him, may deliberately select a company whose insurance will cost a little more than that offered by some other company. I am not dealing now with the question of *solvency*, but with the question of *cheapness*. You know perfectly well that the assets of the Equitable could be reinvested in such a way as to produce an income twice as large as it is now receiving, and the

price of its policies would be temporarily reduced because its dividends would be increased. But in the long run its insurance, instead of proving cheap, would turn out to be very expensive, for it would inevitably experience heavy losses, and those losses would cut down its future dividends.

But in contending that the only cheap insurance is the best insurance, it must not be assumed that the price charged for Equitable policies is *high*. There is little difference in the premium rates charged by reputable companies, and when there is a difference variations in dividends may altogether change the net result. As a matter of fact, the policyholders of the Equitable not only know that they have the best quality of insurance, but have every right to expect that they will get their insurance at as low a cost as any company *adhering strictly to the most conservative methods* can furnish. And this is the *cheapest* insurance that can be offered.

The question of cheapness in a company conducted on the mutual plan does not depend on the company's premium rates, or on the precise amount of each guarantee, or on the earnings of the past (which belong chiefly to policies already issued) or on the amount of dividends paid heretofore, but altogether upon *future management*. If the management is energetic and successful; if profits are made and economies are effected, the company will prosper. If the management is weak and inefficient; if there is waste and extravagance, the ultimate cost of the insurance will be high—and this without regard to whether the company has granted cheap or dear insurance in the past.

15. Low Interest Helps the Agent.

When investments yielded 7% a man worth $100,000 had no apprehension about the future of his family, knowing that in the event of his death his wife and children would have an income of $7,000. To-day the man who is worth $100,000 knows that in the event of his death his family will have scarcely more than half that income to live on, and yet the cost of living has *doubled*. What must he do? He must insure.

You will find many a man with a capital, accumulated a number of years ago, who figured out at the time that it would be a sufficient protection for the family. To-day that man has perhaps retained his capital intact without adding anything to it. But does he realize that, in order to produce the same income, he needs *double* the capital which he needed not many years ago? How is he to make up this deficiency? He is older than he was, and has reached an age when he does not want to work as hard as he did. You have only to show such a man that a few hundred dollars from his income every year invested in an appropriate contract of insurance, will instantly solve this difficult problem.

When interest rates are high (and they are often high for short periods even in these days) other arguments may be advanced.

When interest rates are high cash is hard to obtain. At such times you can illustrate the value of a policy as a producer of cash to meet obligations or settle estates.

16. The Right Point of View for the Agent.

There are two ways of getting something to eat off a piece of land. One is to hunt about casually and pick

the wild berries and nuts that chance to grow there. The other is to cultivate the ground and raise a crop. Whether your field of operations is large or small, develop it; cultivate it. Enrich the soil so that, instead of being soon exhausted, it shall continue to produce crops ever increasing in volume and value.

Never let a policyholder go away dissatisfied with his policy, or with the idea that you are not looking out for his interests. One disgruntled policyholder is like a weed that may scatter its seeds all over the farm.

See that the policyholders and beneficiaries with whom settlements are made are satisfied.

Train your subordinates to be courteous and attentive to visitors.

Regard your policyholders as a general regards his soldiers. Encourage them; keep them happy; do not permit them to desert. Then you will have an efficient, well disciplined army of policyholders that will help you fight your battles.

Sacrifice every temporary advantage for business that will yield a permanent income.

17. The Right Point of View for the Policyholder.

Don't let a customer regard his life insurance as he does his fire insurance. The fire insurance premium is an *expense*; the life insurance premium is one instalment on account of an *investment*. An Equitable policy may be worth more, but, if kept in force, can never be worth less than 100 cents on the dollar.

Don't let a man measure the cost of his insurance by *adding together* the premiums he has paid. Life insurance costs so much *per annum;* just as the rent of his house is *so much a year*. On a level premium policy the premium is the same whether a man dies soon or lives long. If he lives, his income will continue, and it will be as easy for him to pay his second and subsequent premiums as it was for him to pay his first premium.

Show a customer the folly of *surrendering* his policy No policy can be abandoned prematurely without sacrifice. This is true if the policy is on the ordinary life form. It is especially true if it is a limited payment contract on which several premiums have been paid, or an Endowment policy which is constantly approaching the date of its maturity, or any deferred dividend policy on which surplus has begun to accumulate.*

When an Endowment matures a man often takes the cash and leaves his family unprotected. See that your customers in all such cases take the right point of view and convert Endowments into paid-up insurance, or else take new policies.

Don't let your client get the impression that he is merely a purchaser. He is more like a partner; and intelligent men who unite to carry on any enterprise do well to put some capital into the business. Now, it must not be forgotten that the members of an insurance company conducted on the mutual plan contribute the funds with which its business is carried on; expenses and losses are paid out of the money contributed by them, and they reap such profits as are realized. It is not necessarily to their advantage, therefore, that they should pay as *little* as possible in

* See Section 60.

premiums, although it is necessary for them to secure a *full equivalent* for whatever sums they do contribute. If there are 300,000 policyholders in a life insurance company, and if you are one of them, it is not a very important matter whether your premium is $1 over or $1 under a given amount. But when you add $1 from every policyholder it makes a difference of $300,000, and it might be very much to your disadvantage if the enterprise in which you are interested should be deprived of that amount. On the other hand, it may be greatly to your advantage if the enterprise should have the use of that additional capital of $300,000 ($1 from each subscriber). Why? Because the company will be stronger; it will make more money; you will receive larger dividends, and the cost of your insurance will be reduced in the end.*

See that your policyholders recognize the fact that by co-operating with you, by bringing in new and desirable risks to the Society, and by saying a good word for life insurance in general and for the Equitable in particular, they will increase the value of their own investment with the Society.

18. When is a Man Adequately Insured?

A ship's cargo is fully insured when its full value will be returned in case of loss. Theoretically, a man's life is fully insured if his policies will yield a capital that will produce an income equal to his money-making ability. Few men are able, or willing, to carry as much as this. Hence you are safe in advising a man to take as much insurance as he can afford to maintain.

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* See pages 40 and 49.

Most men who have policies are very inadequately insured. The man who owns a house insures the value of the *house* against fire. If he insured only the *income*—the rental derived from the house for one year—it would be absurd. And yet a man who spends $5,000 a year is often content with a policy for $5,000—a sum which invested at 5% would yield an income of only $250!

C.

The rich man can afford to utilize insurance as a safe channel for the investment of surplus funds to *any desired amount*.

A man of moderate means should take as much as he can carry without embarrassment. His aim should be to provide through his insurance a sufficient amount of capital to yield an *income* equal to that part of his own earnings that he spends in the support of his family. In addition to that, if possible, he should have enough to supply ready money to settle up current obligations at his death; to pay extraordinary expenses, and to protect his assets against shrinkage.

19. Different Modes of Canvassing.

There are all sorts and conditions of men. And all kinds of ways must be employed to insure them.

Nevertheless, the man who is skillful in only one kind of soliciting can at least insure the class of men to whom that kind will appeal.

The versatile agent who can adapt his methods to all kinds of people is the most successful.

1. *The Whirlwind Attack.*

You can fire a candle through a deal board. That is because it is projected with such velocity that the fibres of the wood have no time to resist.

You can so overwhelm a man with rapid fire arguments that he will sign an application and pay the first premium before he has had time to oppose you. But in such a case follow your customer up to see that no reaction sets in.

2. *Will.*

Some agents owe their success to sheer determination. If all is fair in love and war, any means that is not dishonest to induce a man to secure the protection of insurance is legitimate. But having thus won the victory in a contest of will power, see to it (later on) that your customer recognizes the fact that he has acted wisely in taking a policy.

3. *Magnetism.*

Some agents exert a personal attraction which for lack of a better name we call "magnetism." It is a valuable gift. If you have it you can use it to advantage in your business. If you are without it, make up for the deficiency by the exercise of a strong will; by manifesting the fullest confidence in what you recommend; by showing that you expect to succeed; by being always ready to bring forward your heavy artillery—facts, figures, logic, proof.

4. *Giving a Customer his Head.*

Some agents succeed best by drawing a man's fire—letting him raise all the objections he can think of—listening to all his grievances—letting him talk himself out—and then quietly starting in, with a clear apprehension of the man's character and circumstances, to insure him.

Such a method takes time and demands skill, but it is often the best method for the experienced agent, who, like the boxer or fencer, lets his opponent tire himself out before beginning his attack.

But the inexperienced agent must be wary lest he be knocked out himself while his adversary is still fresh.

20. Keep in Fighting Trim.

A broken down soldier cannot fight. A broken down agent cannot persuade men to insure.

If you are worn out, or run down, knock off work and *make it your business* to restore your mental and physical condition as quickly as possible.

If you are discouraged get your courage back, or your work will be fruitless.

Learn a lesson from the believers in Christian Science, and the advocates of the Faith Cure. You must be optimistic and cheerful or you will fail.

I have known many agents who have had uniform success in hard times—during periods of financial depression—at times when public confidence has been shaken in corporations of every kind. They have remained unchanged *themselves* because they have not lost heart; because they have not permitted themselves to be influenced by despondency, or by lack of confidence in themselves, or in those about them, or in the interests represented. Such optimism is infectious. Such men continue to write applications when many good men round about them are either attempting nothing, or accomplishing nothing.

21. Specious Arguments.

There are two good reasons for not insuring (1) physical disability and (2) lack of funds.

If a man tells you he can insure *himself*, show him that insurance is based on averages, and that there can be no such thing as an average of *one*. (See Section 5.)

If a man says he can *take better care of his money*, show him that he can't do this *if he dies*. But in most cases you will find that men are *not* successful in taking care of their money. Their safest way is to insure their savings—to get some company to carry the risk of loss.

If a man says he can *invest his money to better advantage*, you will usually find that he does not invest small amounts *at all*. Small items are usually spent or allowed to lie idle. As a rule, moreover, an insurance company can invest to greater advantage a large fund consisting of a multitude of small contributions added together, than can the individuals making those small contributions.

If a man says he can serve his own interests best by putting all his money *into his business*, you can show him that the object of insurance is not to make, but to protect money. In such a case it is a man's *business* rather than his *life* that is insured.

A savings bank is good *if* a man *lives* and *saves*. A policy is better because it forces a man to save, and is good whether he lives or dies.

Some people object to insurance on the ground that it is a "gamble" whether they will pay much or little. But there is no uncertainty as *to the amount to be paid each year out of the income of that year*; and it is better to gamble about the aggregate cost of a policy than on the future comfort of the family. But, as a matter

of tact; insurance removes the gambling element from life. The company triumphs over the uncertainty about the life of the individual by so combining a multitude of individuals as to secure broad averages—thus producing uniformity—thus eliminating chance.

Always be ready to meet the objection that insurance is an expensive luxury, and that insurance charges are excessively high. The Society has issued several documents dealing with this subject, and if you will refer to Section 5 and Section 17, you will see that current rates are not excessive.

Sometimes a man jumps to the conclusion that *all* insurance is expensive because he happens to hold a high premium policy. You can show a man that the Equitable can issue low premium insurance on his life, *but that the high premium paid has secured a more valuable investment;* one which increases in value more rapidly than a "cheaper" policy.

22. Books which the Agent must read, and the Tools he must have.

This subject may be sub-divided as follows:

1. *For education.* You must read at least one book explaining the theory of life insurance, and showing how premiums, reserves, etc., are computed.*

The most interesting book I have read on life insurance is *Walford's Guide and Hand Book,* published in 1857 and revised by the author in 1867. But this book

* The author invites correspondence on this general subject with any Equitable agent who is really in earnest. In this connection see section 5.

is out of print* and is only to be found in libraries. Moreover, it carries the history of insurance scarcely beyond its infancy in the United States.

The articles on life insurance in good encyclopedias are usually worth reading.

2. *Books of Reference.* It is well to have at hand the printed report of the Insurance Department of the State of New York, and of the State in which you are canvassing. Then you can always point to *authenticated* figures on the basis of the "admitted" assets of the Equitable, and of all competing companies.

The Society furnishes agents with the Spectator's *Pocket Index* (which gives in concise form statistics of the various companies). Other valuable books and pamphlets are issued by the Spectator, and by other insurance publishers.

3. *Books of instruction for Equitable agents.* You must always have at hand the *Agents' Manual* and other books, leaflets and circulars issued by the Society for the information of agents.

You will do well to keep a file of the Equitable News.

Keep also an indexed scrap book containing valuable information from all sources.

4. *Canvassing Documents.* You would think poorly of a carpenter who did not know what tools he had in his chest, or how to use them. I advise you to make for yourself a table and divide it into four columns. In the first column I should put a list of the policies

* All the charm of the original has been lost in so-called revised modern editions of the book.

issued by the Society. In the second a word or two (opposite each title) indicating the general use of each policy. In the third, the kind of people whom each policy fits. In the fourth, the title of each canvassing document appropriate to each policy. This will be valuable for reference, but its chief value will be in familiarizing you with the tools you have to work with.

23. Officers are Competent to Teach

Agents sometimes think that the officers of an insurance company are ignorant of many of the difficulties that beset their path. This is not so. The officers are at a central point, to which information converges. If one agent does not call attention to new difficulties and perplexities, others will. The officers are, or ought to be, thoroughly familiar with field work. And they have the advantage of knowing in addition all about the complicated problems that must be solved in order to insure successful management. They are not always able to remove the obstacles from the agent's path; but they can tell him how to get over them or around them.

They must see that the agent does not jump out of the frying pan into the fire. Some present evils must be borne in order that serious future injury may be avoided. There must be mutual confidence and co-operation between the officer and the agent. Each can aid and instruct the other. They are complementary. Neither would be of any efficiency without the other.

"MANY think that neither knowledge of the business, nor industry, nor brains are needed to secure applications for life insurance. But if they will consider the conditions of success in any pursuit, they will perceive that man must learn how to do his work, whatever it may be."

"AN infant cannot walk until after many failures. More depends upon the way the agent begins than is generally supposed. Men are educated by trial and experience. The sooner the agent learns his business the greater will be his ultimate success."

"YOU must not only be energetic, but systematic or your energy will be thrown away. You must not only be energetic and systematic at the outset, but continuously, if your labor is to bring much of a harvest."

PART II. THE COMPANY

THE right kind of life insurance gives a man peace of mind. The wrong kind results in annoyance and anxiety.

An Equitable policy does good like a medicine. When the owner falls ill he knows that the policy protects his loved ones — and he usually gets well.

But when the inevitable hour approaches, his Equitable policy smoothes his pillow and gives him peace; for he knows that the moment his wife asks for her money she will receive it.

Some people think that the chief thing in life insurance is the amount of the dividend, or the kind of policy. But the things of *essential* importance are, (1) the ABILITY OF THE COMPANY TO PAY THE POLICY; and (2) its PROMPTNESS IN PAYING WHEN THE TIME COMES TO PAY.

PART II. THE COMPANY.

24. Management the Keystone of the Arch.

Equitable agents are familiar with the following extract from the Official Report, published in 1875, of the Hon. O. W. Chapman, then Superintendent of the Insurance Department of the State of New York:

"No matter how the subject be approached, the word management is the keystone of the arch; not simply in the matter of investment, selection of agents and medical examiners, or in office requirements, but in everything pertaining to the company's whole administration."

A clever agent can sell insurance for *any* solvent company organized on a scientific basis. But it is an enormous advantage for the agent, whether experienced or inexperienced, to represent a company of great financial strength; whose assets are invested securely and advantageously; whose reputation for fair dealing, liberality, and promptness, is second to none, and whose history shows that it has taken the lead in measures of reform.

Every Equitable agent will do well to study the history of the Society, and take cognizance of its development and growth.

If it is true that the success of a bank, a trust company, a railroad, or any business enterprise depends

largely on the character of its management, it is eminently true of a life insurance company.

The President of the Equitable Society in a recent address said:

> Material success is largely measured by management. President Roosevelt once gave me the best illustration I have ever heard of what management means.
>
> He said that as a boy he used to pass by the great store of A. T. Stewart, who at that time was the most successful merchant in the world. Stewart was a manager. He catered to his customers. He studied their wants and personally saw they were well taken care of. He died, left a great fortune, and was succeeded by Hilton, Hughes & Co. The location was the same, the goods handled were similar, the crowds passing along the streets were the same, each year larger in size; but the trade commenced to dwindle; the business was not a success — the firm failed. John Wanamaker comes along — takes the same store — handles about the same line of goods — the same crowd is passing along the streets. The result is a great success.

But what of the future? That will depend on the character of the management of the future. Past success depends on past management. Future success or failure will depend on future management.

There is no reason why one company conducted on the mutual plan should be able to offer insurance at a lower ultimate cost than another. If the results differ, the differences will be due to differences in *management*.

In life insurance the consideration of first importance is permanent security—absolute reliability. The best life insurance company is the one whose guarantees are the surest, and whose strength is such that it will prosper in times of stress and strain as well as during periods of financial calm and prosperity.

The *best* insurance is always the cheapest; but the *cheapest* is not always the best. Assessment companies have failed because they have tried to grant insurance at less than cost, and although companies organized on a sound basis have never failed *when the management has been prudent and skillful*, many such companies have failed through *mismanagement*.

Many small companies have failed in infancy, not because of gross mismanagement but because of excessive mortality. The *number* of policyholders has been insufficient to permit the law of average to work smoothly. Hence the importance of representing a large, firmly established company, with a widely distributed business.

The man who invests in life insurance should select a company of undoubted strength; (1) Because as a rule, his investment is made for the benefit of his family; (2) Because the insurance may not mature until he has passed away, and (3) Because a man who buys insurance enters into a contract which is likely to run for a long series of years. Hence he will do well not only to satisfy himself of the present financial strength of the company, but of the character of its *management* so as to form a reasonable judgment as to whether that strength will, or will not, be maintained in the future.

One of the best convassing documents you have is the Society's *Annual Statement*. Make good use also of the Society's *Annual Report*, which embodies this financial statement.

Equitable agents have a great advantage over those who represent companies about which they might have doubts and fears. The agent who is able to back his own

energy and efficiency *by the whole weight of the Equitable*, will attain a momentum that will make his progress irresistible.*

The whole is more important than any of its parts. It is well to have a good *policy* to offer, but the *fibre of the company* back of the policy, is more important still. When the agent of some other company tries to sell his policy on the strength of some one feature—the amount of an old dividend; a low premium; a novel advantage; a unique guarantee—advise your customer that the *whole* deserves more consideration than one small *part* of that whole.

25. History of The Equitable.

Many life insurance companies organized on a sound basis have failed—usually while still in their infancy. Why? Not from any defect in the basis of organization, but from such causes as the following: Too small a membership; excessive initial expenses; ignorant or reckless administration.

The early history of the Equitable is in strong contrast with this, and furnishes an object lesson which should help every agent in his business. It started with a considerable amount of insurance pledged to it, and began in a very modest and cautious way. Its first office was leased at a rental of $800, and the original office-force consisted of only four adults and one errand boy. It was not until the Society was more than a year old that an accountant was secured to relieve the Actuary of the labor of keeping the books. Another clerk was added in 1861, and another in 1862.

*See section 34.

From such small beginnings the great Equitable has been slowly and carefully builded.

The familiar table issued by the Society giving a record of its *steady advancement* during the last forty-eight years is very significant, and may be used to advantage in canvassing. Age in a life insurance company means stability. The Equitable is nearly half a century old. Why seek protection from a company still in the experimental stage, when sure protection can be furnished by a firmly established organization?

A study of the Society's history reveals the many ways in which it has been *tested*, and the success with which it has withstood every test. You do not know the strength of a cable until it has been tried, or the seaworthiness of a ship until it has encountered the storm. Hence the importance of the crises in the Society's history.

The Civil War broke out when the Society was only two years old, but the first really important test came in the early seventies, when several years of financial disturbance culminated in the great panic of 1873. The following extract is from the President's report made to the Board of Directors on Oct. 22nd, of that year.

"The recent financial convulsion, while not without its temporary embarrassments, has served to demonstrate the security of a properly managed life insurance society as a depository for savings both for the rich and for the poor. The Directors of the Equitable may justly feel satisfaction that in the midst of one of the most trying emergencies which has ever threatened the stability of American commerce and industry, our Society stands as a solid rock in the midst of an angry sea the bulwark and support of those who cling to it."

The year 1884 was one of financial depression—a year of strikes and many business failures. But, as

in the panic of 1873, and as in all subsequent periods of financial disturbance, the Equitable remained unshaken.*

The next serious panic came in 1893, and in commenting on it the President said:

"The Society presents, as the result of its transactions for 1893, material advancement in every point affecting growth and material prosperity, and this during a period of commercial depression more severe than has been experienced within this generation—a period of such general stagnation in business and shrinkage in the value of all securities, that only those pursuing the most conservative methods have passed through it unscathed."

"Every tree is known by his own fruit." I sometimes wonder if the younger agents who observe that all the companies are issuing liberal contracts, and paying them promptly, really know that the credit belongs to the Equitable.

I can remember when it was the rule rather than the exception with many companies to resist claims, or to compromise them for a part of their value, on very flimsy grounds. I can remember when beneficiaries considered themselves lucky if they collected their insurance within four or five months after the death of the insured. I can remember when the only liberal returns ever made to policyholders were after their policies had finally matured. I can remember when all policies were such illiberal contracts and were *warranted* in such a way that they were always in more or less danger of absolute forfeiture.

I wonder if the younger men realize that the Equitable was the first company to remedy these evils. Do they realize that the Equitable was the first company

* Since the above was written, and as this book goes to press, the panic of 1907 emphasizes the argument here advanced.

to make the policy-contract reasonable and fair? that the Equitable was the first company to introduce a thoroughly efficient incontestable clause? that the Equitable was the first company to offer to return the full reserve on a *life* policy *during the lifetime* of the insured? that the Equitable taught the other companies how to pay claims on the day proofs of death were received? (And if there is any truth in the proverb that "*He pays doubly who pays quickly*," then the Equitable has paid in death claims and matured Endowments to its policyholders, not THREE HUNDRED MILLIONS, *but double that sum!*)

Sometimes this question has been asked: "If the Equitable has been the company to inaugurate these great reforms, how is it that in some cases other companies now make offers which appear to be more liberal than those of the Equitable?" The answer is that liberality is one thing and recklessness another.

It is the policy of the management of the Equitable to deal impartially with its policyholders; to show liberality to all, but not to favor the few at the expense of the many, or to be liberal to-day at the expense of the future.

The Equitable has always aimed to look out for its *steadfast* members rather than to make its new policies popular by offering special attractions for those who may wish to withdraw prematurely. It must never be forgotten that a life insurance company conducted on the mutual plan is a co-operative association. The policyholders get the benefit of the profits and savings. They also suffer when losses or heavy expenses are incurred. Now excessive liberality to those who withdraw prematurely, or special benefits offered to certain classes of policies, can only be made by drawing upon the resources of more steadfast policyholders, or those belonging to other classes. Hence, while the Equitable has been the leader in reform, and has always gone as far in the direction of

liberality as has seemed equitable and prudent, it has clearly recognised the fact that some things are done by certain companies that are neither just nor prudent. This should recommend the Equitable to an intelligent public, for it means permanent prosperity as distinguished from temporary success.

RECENT IMPROVEMENTS.

The Equitable has lived up to its old traditions by taking the lead in recent reforms. The following is quoted from a recent publication:

IMPROVEMENTS IN ADMINISTRATION.

1. No company has ever been examined with such expert care as the Equitable.

2. The improvements in organization and administration, based on the results of that examination, have been noteworthy.

3. A new Charter and revised By-Laws have been adopted.

4. By a thorough reorganization of every department current business will be conducted, not only with more efficiency and despatch, but with greater economy and security.

Thus the interests of the policyholder will be safeguarded, and the work of the agent facilitated.

While the financial strength of the Society and the excellence of the insurance granted by it are the considerations of chief importance, it is essential also that both policyholders and agents shall enjoy the benefits of the most complete and perfect working system attainable.

Hence, the practical advantage of the improvements indicated above.

It is not necessary to particularize further. The current publications of the Society show what has been done to increase earnings on the one hand, and to cut down expenses on the other.

26. Policyholders have the Balance of Power.

On April 6, 1905, the Directors of the Society decided that policyholders should be given the right to vote for directors, but final action was delayed.

On June 15, Ex-President Grover Cleveland, Morgan J. O'Brien and George Westinghouse were appointed Trustees to carry out this programme as far as it could be effected under the original charter. They were also empowered to take "any action necessary or proper to effect the consummation of a plan for the mutualization of the Society."

PRELIMINARY ACTION.

On May 22, 1906, Mr. Cleveland wrote to President Morton in behalf of the Trustees, calling attention to the fact that under the new law an amended charter could now be adopted, and suggesting immediate action by the Board.

Among other things, Mr. Cleveland said:

"The Trustees have thus far acted upon the theory that until a change in the law permitted an amendment of the charter so that a majority of the directors could be elected *directly* by the policyholders, they would provide the nearest possible substitute therefor by bringing about the election of a sufficient number of policyholders to give to the policyholders a majority of the entire board through the action of the trustees, after such consultation with the policyholders at large as was possible."

FINAL ACTION

At a meeting of the Board held on June 20, 1906, a new charter was adopted, under which the policyholders now elect twenty-eight of their own number

(out of a total of fifty-two directors) while the remaining twenty-four are nominated by the Trustees. But the Trust Agreement provides that these twenty-four directors "*shall be lawfully eligible persons selected by the Trustees in their sole discretion*," and as the Trustees hold a majority of the stock (namely, 502 shares out of a total of 1,000 shares), THE WHOLE BOARD NOW CONSISTS OF DIRECTORS ELECTED TO REPRESENT THE POLICY-HOLDERS.

27. Trustworthiness of Equitable Life Insurance.

Contrast the stability of sound life insurance with the instability of other things.

An Equitable policy at maturity is always worth 100 cents on the dollar, in spot cash. There can be no possible shrinkage in a policy that is not abandoned prematurely. There can be no default; no doubt; no uncertainty; no delay.

Gather all the examples you can of losses or shrinkage in other investments. Make a list of all failures in corporations and business enterprises, and keep it up to date. Note cases where fortunes are swept away; cases where men once rich have become poor; estates, believed to be wealthy which have provided little or nothing for the heirs.

FAILURES

A careful examination of the records in the Surrogate's Office of New York County (for the period of five years beginning January 1, 1901, and ending December 31, 1905), reveals the following:

The average number of deaths among adults each year, during that period, was 27,011.

Of these 23,050, or 85.3%, left no estates;

1,171, or 4.3%, left estates of from $300 to $1,000;

1,428, or 5.2%, left estates of more than $1,000, but less than $5,000;

475, or 1.7%, left estates of more than $5,000, but less than $10,000;

490, or 1.8%, left estates of more than $10,000, but less than $25,000,

AND ONLY

396, or 1.4%, out of this entire number, left to those who were dependent on them estates valued at $25,000 or over.

An examination of the records of the Probate Courts of Allegheny County, Pennsylvania, and of the Probate Judge's Office and Health Office of Lucas County, Ohio, reveals substantially the same state of affairs among adults who have died in Pittsburg and Toledo. In the former case 89%, and in the latter case 78%, left no estates during the period scrutinized.

I am told that between the years 1864 and 1906 there have been 1,788 failures in the United States in state banks, savings banks, private banks, and loan and trust companies.

The Comptroller of the Currency has reported that from January 14th, 1864, to October 31st, 1906, 468 National Banks have failed, resulting in a loss to depositors, stockholders, and creditors of $103,302,481 (less

$9,512,682, the nominal value of assets returned to stockholders). This is an average of 11 failures annually, with a loss of $2,459,582 each year since the organization of the National Banking System, forty-two years ago.

The following figures are taken from a report of Messrs. R. G. Dun & Co.

COMMERCIAL FAILURES IN THE UNITED STATES

Year.	No.	Liabilities.	Year.	No.	Liabilities.
1867	2,780	$96,666,000	1887	9,634	167,560,994
1868	2,608	63,694,000	1888	10,679	128,829,973
1869	2,799	75,054,054	1889	10,882	148,784,337
1870	3,546	88,242,000	1890	10,907	189,856,964
1871	2,915	85,252,000	1891	12,273	189,868,638
1872	4,069	121,056,000	1892	10,344	114,044,167
1873	5,183	228,499,900	1893	15,242	346,779,889
1874	5,830	155,239,000	1894	13,885	172,992,856
1875	7,740	201,000,000	1895	13,197	173,196,060
1876	9,092	191,117,000	1896	15,088	226,096,834
1877	8,872	190,669,936	1897	13,351	154,332,071
1878	10,478	234,383,132	1898	12,186	130,662,899
1879	6,658	98,149,053	1899	9,337	90,879,889
1880	4,735	65,752,000	1900	10,774	138,495,673
1881	5,582	81,155,932	1901	11,002	113,092,379
1882	6,738	101,547,564	1902	11,615	117,476,769
1883	9,184	172,874,172	1903	12,069	145,444,185
1884	10,968	226,343,427	1904	12,199	144,202,311
1885	10,637	124,220,321	1905	11,520	102,676,172
1886	9,834	114,644,119	1906*	10,680	118,018,087

FINANCIAL LOSSES

The losses from injudicious or unfortunate investments in stocks, bonds, industrial and manufacturing

* For 11 months only.

ventures, and in mortgages and real estate, open so wide a field for contemplation that it can only be hinted at here.

Every Equitable policy will certainly be worth 100 cents on the dollar at maturity. Of how many other investments can such a prediction be confidently made?

REMEMBER THAT YOU REPRESENT THE EQUITABLE.

Remember that the contrast here emphasized is not between ordinary investments and ordinary life insurance, but between ordinary investments and *Equitable* life insurance.

Prior to the organization of the Equitable only seven life insurance companies had been formed in the State of New York. Three of these were organized under special charters, and four in accordance with the State Constitution adopted in 1846 and the subsequent General Insurance Law of 1849. Of the three operating under special charters all are still in business, (although one of these has for years done a trust company business exclusively). Out of the four formed under the general law two still survive. The others have ceased to exist.

The Equitable was chartered in 1859 and one other company was started during the same year. That company no longer exists. In the following year three companies were formed, and still exist.

With one exception, every life insurance company founded between 1862 and the end of 1870 (34 in all) has gone out of business.

Since 1870 nine companies have been organized in the State of New York, three being reincorporations of assessment companies. Of these, three have retired leaving six still in operation.

To sum up: Fifty-five companies were organized under the New York State law prior to December 31, 1905. Forty of these failed, reinsured, or otherwise ceased to do a life insurance business. Fifteen still survive.

It is difficult to get accurate statistics regarding the organizations of other States that have passed away. But it is safe to say that in the United States alone nearly 200 regular companies, organized on a scientific basis, have either failed, gone into liquidation, or transferred their business to other companies.

It is still harder to obtain reliable data regarding fraternal and assessment organizations; but it is safe to say that upwards of 2,000 have failed, or ceased doing business, during the twenty years from 1880 to 1900.

28. Legislation and Taxation

It is encouraging to note that the people are beginning to learn that injurious insurance legislation, and overtaxation touch the pockets of policyholders.

Use all the influence you have to show the public in general, and your customers in particular, that laws that are injurious to the *company* injure the *policyholder*, and that every dollar of tax levied upon a life insurance company must be paid ultimately by the policyholders of that company.

The investments of the Equitable have been voluntarily distributed all over the United States. It invests in the bonds of railroads extending through the various States, and lends on real estate.

Money received by the Society is being constantly disbursed in death claims, surrender values, and matured

policies in every State, and the millions loaned on policies at its office in New York are taken by policy-holders to their homes and there put into circulation. This is as it should be, but if each State should compel a company to arbitrarily invest in that State, the interests of policy-holders would be imperiled; the strength of the company would be sapped, and life insurance would gradually lose its chief merit—its *stability*.

"A LIFE insurance policy runs longer and means more to the average man than any other contract he ever makes. Therefore, it is necessary for him to exercise the utmost care in selecting a company. Safety and strength are of paramount importance.

"The Society has never been in a better financial condition than at the present time. Its assets were never more securely invested.

"The Society is as solvent as the Bank of England. Every contract with it will be carried out to the letter."

QUESTIONS FOR THE AGENT TO ASK

"WILL your widow wear as good clothes as your wife?"

"Where will the bread come from when the breadwinner passes away?"

"Will your orphans have the advantages of your children?"

TWO cross-eyed men collided.

"I wish you'd look where you're going," said one.

"I wish you'd go where you're looking," said the other.

Each taught a lesson.

Let the agent look where he's going, and then go where he's looking.

Plan your work, then work your plan.

PART III. THE AGENT AND THE COMPANY

"A Life insurance policy issued by a strong company is a safe asset, and increases in value as it grows older. Insurance has become an absolute necessity of modern civilization. There is no substitute for it. More people need its protection to-day than ever before. And in the vast majority of cases that need is immediate."

PART III. THE AGENT AND THE COMPANY

29. A Corporation is a Good Thing

You represent a corporation. Is that desirable? Yes. If you are employed by an individual you may be out of a job when he dies. Such a corporation as the Equitable can say with Tennyson's Brook, "Men may come and men may go, but I go on forever."

Why do people make trust companies their executors? Not because a corporation is better than an individual, but because there is danger that a man may die or lose his health when the estate may need his services.

In a certain technical sense a corporation may be said to have no soul, but every old agent of the Equitable—and every discriminating young agent—knows that the Equitable has a soul—a distinct character—an individuality. The agent can have a genuine sentiment about it—that true *Equitable spirit* that has become famous. And that sentiment will be "money in his pocket"; for it will help him in his business. (See Section 34.)

The Equitable is a corporation in order that it shall be "*Not for a day, but for all time.*" Policyholders must die, but the corporation must continue, so as to bring instant relief to the beneficiaries under the policies of those who must necessarily pass away.

But what *is* the corporation in the case of such a company as the Equitable? Is it a grinding monopoly, bent on victimizing its customers?

On the contrary, the corporation is an association of policyholders, whose affairs are conducted for their protection and advantage along corporate lines, by officers of experience and a competent board of policyholder directors. (See Section 17.)

30. The Agents' Status

The legal status of the agent can be readily determined. But you need not trouble your head about that, if you are careful about your moral status.

You occupy an important and responsible position. It is true that you are not a party to the agreement between the company and the insured—the *policy* is the whole contract—but the business of life insurance would languish if the agent should be eliminated.

You are an intermediary between the company and the Insured. You are not exclusively the representative of the company or exclusively the representative of the Insured, but you can protect the interests of both without doing injury to either.

In a properly managed company whose business is conducted on the mutual plan the interests of the company, the agent, and the insured are identical.

It is important for the company that its risks should be carefully selected; it is equally important for the agent and the policyholder. If mortality is excessive dividends will be reduced; policyholders will be dissatisfied, and agents will find it hard to sell that company's policies.

What then is the *province* of the agent? It is to *sell insurance*. But to sell it in the right way. To sell it in such a way that every client will be satisfied, and aid the agent in extending his field of operations.

31. The General Agent

The general agent assumes heavy responsibilities. He must spend his own money, or must establish his credit and borrow. He must himself be a good solicitor, so as to teach and assist his subordinates. And he must have other qualities that are not necessary in the case of the ordinary solicitor. And yet in these times his net income will often be less than that of the man who devotes all his energies to soliciting. However, it should be the ambition of every agent to extend the sphere of his usefulness. And representatives of the Equitable will always find this possible.

The most important items of advice to the man who has a field under his charge and employs others to work for him are as follows:—

1. Organize your business carefully. All the advice already given on this subject applies to the agent who has a field to develop.

2. Whether your field is large or small, see to it that it is thoroughly cultivated. Otherwise your labors will be fruitless and your time wasted.

3. If you employ others to work for you, you must be competent to teach, stimulate, and encourage them.

4. You must not only be straightforward yourself, but must see to it that your subordinates fittingly represent the agency and the Society.

5. You must win the confidence of your assistants; help them over the hard places; show them how to write applications when they are themselves unsuccessful, and cultivate the faculty of getting as much work out of them as they are capable of doing.

32. Can the Agent be Dispensed with?

It might be a good thing if each man, needing insurance, could be induced to go to the office of some company and order it as he orders a suit of clothes from his tailor; but everybody knows that men cannot be made to do this, and that if the agent ignores them they will go without insurance. This is proved by the fact that the companies that have no agents do little or no business.

The TWENTY-FOUR BILLIONS of insurance now outstanding in the different companies was written by agents. And the vast majority of the widows and orphans who will be supported hereafter by the insurance in force to-day will owe their rescue from poverty or dependence directly to the efforts of life insurance agents.

If all the agents in the world should be eliminated—if all the companies should begin to transact business without the services of agents—then gradually the people might learn to come voluntarily to the companies. But it would take a century or two perhaps to change habits that have become second nature. And as long as some companies attempt to do business without agents and others are represented by agents, people will insure with the companies that have agents and will not insure with those that are without agents. They *will not* take the trouble to attend to the details

of the business. As a matter of fact *they hold back* habitually, and are only won over after a struggle with the agent.

The National Messenger, answers the question, "*Must the Agent Go?*" as follows:

Yes—he always has had to go; he is used to it, and he will continue to go. He will go constantly; and where he goes danger decreases, distress disappears and comfort continues.

He will go for the busy man who requires some one to interrupt him and make him listen.

The life insurance agent will continue to go to widows and families and assist them to prove their claims, and will carry the money to them, and will hear them say: "We wish you had made father take more." And he will go to the man whom he urged to take an endowment and will pay him the money and hear him say, "I wish you had made me take more."

Yes the life insurance agent must go; and for your sake we hope he will go your way.

33. Talk Life Insurance

The traveler must have a guide book, but he need not visit every place referred to in it. The surgeon must have his case of instruments, but it does not follow that he must carve up all his patients. The agent must be instructed about the theory and practice of life insurance; the strong points of the company he represents, and its different policies; but very little of this information will be needed in any one case. As a rule *one* policy must be offered for the purpose of effecting a *single* purpose. And, unless there is competition, very little need be said about the *company*.

Life insurance is what you have for sale. It is the value of *life insurance* that you must emphasize. And

as soon as you have convinced a man of this value, and shown him that he *can't do without it*, the next step is to convince him that he needs it *now*. Then nothing will remain but for you to get his signature to the application and his check for the premium.

Any person whose business it is to sell automobiles will waste his time in proving to a man that a certain make is superior or less likely to get out of repair, or less expensive than some other make *if the man has no intention of buying an automobile*. The province of the salesman is to *sell*. If he deals in automobiles he must *sell* automobiles. If he deals in insurance he must *sell* INSURANCE.

Incidently many arguments in favor of life insurance are touched upon in this book. But it would take many volumns to do justice to that branch of the subject. You must yourself gather a store of facts and arguments as you go along.

If you are diligent you can gather new facts and statistics from day to day that will be invaluable—facts illustrating the permanent reliability of life insurance as contrasted with the uncertainties of other investments and enterprises.

Make a list of the men in your community who die leaving little or nothing for the support of their families. *Per contra*: Prepare a list of those who have adequately provided for their dependents by means of insurance. In this connection see Section 9.

Have at hand a list of your *own policyholders;* the men who have shown their confidence in life insurance by taking *large* policies, and the *prominent men* who are insured in the Equitable.

Have always at hand a list of all the death claims that have been paid in your field. Be prepared to point to cases where Endowments have been paid to living policyholders. Get a letter from every prominent man as soon as he has shown his faith in the Society by taking a policy. Get a letter whenever a settlement is made, even if it simply authorizes you to quote the results of the policy.

You can advertise and extend your business without expense, as follows:

1. *When you settle a death claim*, secure a letter, giving the number and amount of the policy and covering the following points:

(a) Prompt payment.
(b) Value of the insurance in the particular case.

2. *When you settle an endowment or deferred dividend policy at the end of its period*, secure a letter, giving number of policy and amount, covering the following points:

(a) Option selected.
(b) Expression of confidence.
(c) Satisfaction with result.
(d) Amount of new insurance taken, if any.

The Society will print such letters without charge and send you a supply for use in your field *provided the letters are satisfactory in form*. Letters comparing the amount of the dividend with the amount paid in premiums, or giving percentages, will not be thus printed, because there is a chance that such figures or percentages may be misinterpreted.

34. Value of Sentiment to the Agent*

The best motto for the life agent is "*This One Thing I Do*," and that not simply on the general principle

*This chapter, and the two that follow, are reprinted from *How to Sell Assurance*.

that a shoemaker should stick to his last, but for a special reason; namely, that the work of the agent is not material but spiritual. If he is to succeed it must be through the influence of mind on mind—will against will—confidence against doubt—certainty against uncertainty—enthusiasm against apathy.

WHY SENTIMENT IS IMPORTANT

The instrument with which the agent achieves his triumphs is *himself*. If his mind and heart are not attuned to his work he can no more hope to achieve success than the musician can hope to extract sweet strains from a violin that is cracked. But if he represents a company in which he has pride; if he is in harmony with its management; if there are no jarring discords, then he can discourse sweet music and charm all hearers. Hence the Equitable agent must be inbued with the Equitable spirit, and must train his mind and heart as the athlete trains his body, in order that the means may be adapted to the end for which he strives.

The Equitable agent has no more valuable possession than this *sentiment*—his loyalty to his Society; his confidence in the integrity of its management; his appreciation of the reforms it has introduced; his conviction that its administration is just. It "cuts ice." Through this enthusiasm—this sentiment—the agent transmits his own confidence to his customer.

The agent is like an automobile, dead and motionless if his storage battery is exhausted, but if charged with electricity from the Equitable power-house he can take passengers aboard and carry them wherever he pleases.

Such facts as these explain why some men of ability fail to produce adequate results, even when they occupy the richest fields, while men of inferior capacity in poorer

fields succeed. It is for such reasons that men of moderate attainments often outrun men of exceptional force, and that those who are weak sometimes accomplish more than those who are strong.

Let me recapitulate. The agent's success depends upon himself—upon the condition of his own mind, and its concentration on his work. If he lacks confidence in his company and its policy of management his mind will not be attuned to his work, and he will not achieve marked success. Hence, it *pays* to be identified with such a company as the Equitable.

It may be true that "virtue is its own reward," but virtue alone furnishes an intangible kind of remuneration. A little *cash* in addition is always acceptable. Now if my contention is sound the Equitable agent who has this *Equitable Spirit*, will not only have a consciousness of virtue but will be able to coin his sentiment into money.

35. The Old Way of Canvassing

THE SENTIMENTAL APPEAL

From what has already been said, it might be inferred that the agent should in all cases appeal to the sentiment of his customers. But the attitude of the agent toward his company is one thing; the best way to sell insurance is another.

There are two ways of selling insurance. One is to appeal to sentiment. The other is to eliminate sentiment and offer insurance as you would offer a block of railroad bonds. Either method is legitimate.

There are occasions when I should certainly advise an agent to concentrate his efforts on a sentimental appeal; when a man's duty to his family must be impressed upon him; when his natural affection must be awakened. Or it may be necessary to paint in vivid colors the dangers which beset his path. But in other cases I advocate the second method of procedure. (My reasons for this will be found in Section 36.)

The analogies between religion and life insurance have often been noted. These analogies are striking when the methods of the preacher and the solicitor are compared. With the preacher the method in old times was to urge the sinner to flee from the wrath to come. The modern method is to attract him by picturing the joys of the life eternal. Now, the preacher who dwells upon the joy in believing does not necessarily discard the doctrine of future punishment; he merely decides that it is easier to draw his hearer by offering a reward than to drive him by threatening punishment. Thus it is with the agent. He recognizes the fact that if he can show his customer that it is to his pecuniary advantage to insure, it becomes superfluous for him to dwell upon distasteful themes. Moreover, in most cases the sentiment of his customer *will assert itself without any stimulus from him.*

If you want to know what the old warnings were like, glance over the pamphlets that were in vogue half a century ago. A few extracts are given at the end of this section.

DENUNCIATION

Sermons have often been preached in advocacy of life insurance. If you are not familiar with the one delivered many years ago by Dr. Talmage when pastor

of the Brooklyn Tabernacle, I advise you to read it. Here are one or two extracts:

It is meanly selfish for you to be so absorbed in the heaven to which you are going that you forget what is to become of your wife and children after you are dead. It is a mean thing for you to go up to heaven while they go to the poorhouse.

The minister may preach a splendid sermon over your remains, and the quartette may sing like four angels alighted in the organ loft, but your death will be a swindle. You had the means to provide for the comfort of your household when you left it, and you wickedly neglected so to do.

If there be anything more pitiable than a woman delicately brought up and given to a man to whom she is the chief joy and pride of life until the moment of his death, and then that same woman going out with helpless children at her back to struggle for bread in a world where brawny muscle and ruggedness of soul are necessary—I say, if there be anything more pitiable than that, I don't know what it is.

LACK OF FORETHOUGHT.

The following appeared in a newspaper published in Providence, R. I.:

Three years ago, Philip Sullivan, of Fall River, died, leaving a heavily mortgaged house, a widow and three children. In vain the widow worked to pay off the debt; the property was sold to satisfy the mortgage, and the poor woman and her little ones were turned into the street. She brooded over her loss, became mentally unbalanced and finally was possessed of the fixed idea that if she and her children slept one night in the house one-third of its value would revert to her. Last New Year's eve she smuggled them into the attic and the next morning the purchaser of the house discovered what had been done and sent for the police. At the station it was found that nothing could be done for her except to send her to the almshouse. The children began to cry piteously at the thought of separation and were with difficulty taken away to an orphan asylum.

It is not likely that the reporter who contributed this item was thinking about life insurance, but the pathos

of the story is deepened when we remember that all this misery might have been averted if the husband had insured his life for an amount sufficient to pay off that mortgage!

PATHOS.

Every agent knows how heartrending are the cases of those widows whose husbands, after having protected them for a time by life insurance, have allowed their policies to lapse. The following letter has been quoted before. It refers to a policy which was allowed to lapse after only one premium had been paid:

DEAR SIRS: I have been thinking ever since Mr. A's death of writing, but my health and trouble have prevented me from doing so.

Will you please let me have his insurance money as soon as possible, as I am very much in need of it, having the debts of a very heavy doctor's bill and burial expenses to pay. His insurance money is all I have to depend on. Mrs. J. E. A———.

Think of the despair of that widow when she received the agent's letter explaining that there was no insurance! The episode must have been very painful to him, and I have no doubt he put his hand into his pocket and contributed something to stay the hunger of those orphan children.

With such facts within the observation of every agent in the land, it would be folly to say that the sentimental method of appeal is not legitimate. But I contend that in cases where such an appeal would *suffice* the other method will usually prove more efficacious.

EXTRACTS FROM OLD PUBLICATIONS.

You may not die for a long time—but you *may* die to-morrow.

"If you, living, find it hard to make both ends meet, how do you think your family are going to do it when you are dead?

Look upon the faces of your children. Do you love them? Then do not leave them exposed to possible poverty and its attendant temptations.—*Dr. Fish, in "Why Not."*

What town or village has not its "destitute widows"? Our cities are full of them. Perhaps they are fighting off starvation and temptation with the point of a needle. Very often you meet one of them. She knocks at your door. She has come because she must! Buy a book or a picture, or subscribe for a magazine that she is canvassing for. Help her; she needs it! How sad she looks, and pitiful! She is young and handsome—ah! this may be her ruin!—*Dr. Fish, in "Words to Wives".* C

One could bear to take his wife and children down with him into poverty, so long as he could be with them to help carry the load. But to go off to his own eternal rest and leave them to go down into poverty, and fight the wolf from the door—to leave the boys who have been at school or college to abandon hope of education and go into clerkships; and the daughters who have been reared in comfort to become teachers, or governesses, or seamstresses; and the wife; to feed and house and clothe not only herself but perhaps her little children—what prospect more terrible than this to look forward to?—*Dr. Lyman Abbott.*

Money secured to your family by life insurance will go to them without fail or interruption (*provided you have used due discretion in the selection of a sound and honorable company*). Of two courses, one of which *may* leave your family destitute and the other of which *assures* them a comfortable support at your decease, can there be a doubt which is to be chosen? Can there be a doubt about a duty? C

How shall we know what societies are sound and well-managed? Just as you know what banks are good and bad—by inquiring, by using your common sense. Just as you find out a good doctor, a good lawyer, a good school, a good hotel.

—*Henry Ward Beecher in "Truth in a Nutshell."*

36. The Modern Way of Soliciting

A BUSINESS PROPOSITION

We have seen, in Section 35, that in some cases it is advantageous for the agent to appeal to the sentiment of his customer. Let us now consider what may be called the *business method of soliciting.*

A modern policy is a good thing to have—good for the investor, as well as for those who are to succeed him, and well worth the money he puts into it. Hence, it is seldom necessary to remind him of his duty, or to point to the harrowing instances of misery resulting from neglect.

Where men go gladly it is not necessary to coerce them. Moreover, there is something of the mule in every one of us; therefore, when people try to drive us we instinctively resist.

If you want to insure a man's life, you must keep him in a good humor, and you cannot keep him in a good humor by dwelling upon disagreeable themes. Nor does any man like to be told by a stranger that he is neglecting his duty. Nor does it cheer him to be told that death is staring him in the face. Therefore, as a rule, you will find it advantageous to offer your insurance on a strictly business basis.

Many a wife has prevented her husband from insuring because she has viewed the subject from a purely sentimental standpoint; and even the husband finds the subject a distasteful one when thus presented. He is full of courage, and hope, and vigor. He has no thought of dying. His confidence in life is a natural and healthy instinct. He is ready to go into new enterprises, and to

invest his money in them, not because he fears death, but because he expects to live, and wishes to make provision for the future.

Modern life insurance has become a mighty force because it appeals to a man's selfish needs. That is to say, the man who insures his life is not making a sacrifice. He knows that he is improving his own condition. Hence, the best way to sell a policy is to use precisely the same arguments that would appeal to the man in search of an ordinary investment. Let me illustrate by quoting the following testimony:

A man well known to me, but whose name I am not at liberty to mention, applied to the Equitable some years ago for a policy. I became familiar with his circumstances at the time, and have followed his case with interest ever since. It seems that he had accumulated, by inheritance and saving, a capital of $100,000. Knowing that if he should die his family could live on the income from that capital, he was happy. But, wishing to increase his capital, he embarked in certain speculations, and all his savings were swept away, and he found himself heavily in debt. His income from his own business continued, but he knew that if he died his family would be destitute. His debts threatened to impair his credit. If he lost his credit, not only would his debts overwhelm him, but his business would be ruined and his prospects shattered. He was living on a scale which made him somewhat conspicuous, and to adopt a policy of retrenchment would have roused suspicion as to his financial ability. Then, again, he saw that any radical change would involve the sacrifice of property which, if held, would undoubtedly increase in value. Besides, he enjoyed the comforts of life, and was unwilling to give them up, and it would have been both mortifying and distasteful to him to sell his house and dismiss his servants and resign from his clubs. On the other hand, he felt that he would get little enjoyment out of these material comforts if they should be continued while the future of his family remained imperiled. He was in a dilemma. How could he expect to accumulate a new fortune unless he cut down expenses, and how could he cut down expenses without endangering his credit? The Equitable's representative proved to him that he had but one resource. He was still young, and the premium on a large policy involved, comparatively speaking, but a small charge against his annual income. But as soon as he had laid

the necessary amount aside with which to pay the premium, he was able to spend the balance of his income with a free hand. So he insured for $100,000. What has been the result? If I am correctly informed, he has paid off all his obligations and has succeeded in accumulating a capital as large as the amount that was swept away. To-day, therefore, his estate has *double the value it had in the beginning;* for he has a new invested capital of $100,000, and, in addition, an equal amount of capital represented by the policy. And, most important of all, if he had not taken this insurance, it is altogether probable that he would not have been able to save anything, and probably his whole future would have been blighted. Furthermore, this man was advised to take his insurance on a plan which will give him ultimately the opportunity of realizing a substantial cash return *himself* if he no longer needs the insurance.

Think of the admirable adaptability of life insurance to the case just described! Here is a man threatened with bankruptcy who averts danger by insuring his life; who thereby builds up a new capital for his own use; who meanwhile retains the means of enjoying life as he goes along; who thus relieves his mind of all apprehension, and who is probably a richer man to-day than he would have been if he had never lost a penny! This is but one of many examples, proving the *adaptability* of life insurance to the needs of business men. And the reason men of wealth, men of affairs, men engaged in great enterprises, men of every calling and condition, are now turning to life insurance is *because agents of ability have turned from the sentimental side of the subject and are presenting it to business men on business grounds.*

Men resemble children. If the agent goes like a doctor to dose them with wholesome, but bitter physic, they will seek to avoid him. But if he goes like St. Nicholas, with gifts, they will rejoice.

And remember that you *do* go laden with precious gifts. You give capital to men who are poor; you bring comfort and happiness to widows and orphans;

you educate children; you start young men upon their business careers; you give men the right to spend their incomes freely at the very time that they are saving for the future; you perpetuate business firms, and cement corporate interests. There are a thousand ways in which you can interest and delight men in the subject of insurance without preaching to them, or reproaching them, and without calling upon DEATH to act as your solicitor.

THE agent must have *capital.* Here is an inventory of an agent's assets—judiciously distributed.

Integrity
Intelligence
Common Sense
Tact
Courage
Determination
Industry
System
Patience
Perseverence
Generosity
Good Temper
Enthusiasm
Confidence
Experience
Skill

A REWARD is offered for the discovery of the following:

1. A widow, orphan, or other beneficiary, who, upon the receipt of the insurance money, has disparaged life insurance.

2. A widow, who, upon receiving the proceeds of her husband's policy, has complained that he carried too much insurance.

3. Any beneficiary who has claimed that the insurance ought to have been for a smaller sum.

YOU often hear a man say: "*I* don't need life insurance." And this may be true—he may die uninsured and suffer no inconvenience—the loss will fall on his *wife and children.*

PART IV. THE POLICY

THE COMPANY BEHIND THE NEW POLICY—

THE OLD EQUITABLE

THE Contract is important—The Company back of the Contract is more important.

The Equitable will soon be fifty years old. Point to its growth—the series of ordeals that have proved its strength—its present financial standing and great surplus—the large aggregates paid in dividends—its promptness—its fairness—its liberality—its successful but conservative administration—its new economies—the thousand and one things that make it the best Company to insure with.

Part IV. THE POLICY.

37 Policies are Equivalent in Value.

Sometimes a man says, "Yes, I'm insured in your company but I'm afraid the agent worked off an inferior policy on me." Another says, "Yes, I'll insure if you'll give me your very best policy."

Such remarks indicate misapprehension. Theoretically, one policy is as good as another. It would only be necessary to have *one* form if the needs of all men were the same. A given policy is best for a certain man because it meets his individual requirements best.

Let us now see how different policies are adapted to the varying circumstances of different people. But first some introductory information and explanations will be expedient.

38. Value of Protective Laws

The Equitable is subject to the Insurance Laws of the State of New York, and its policyholders enjoy the protection of these laws. This gives you an admirable argument.

Governor Hughes, who has given much thought to the subject of life insurance, said in his first message to the Legislature:

"At the last session several statutes were passed with the object of furnishing more secure protection to the policyholders....

Many of the provisions became effective on January 1, 1907. These statutes were enacted after very careful consideration."

He had previously said, "I would rather take insurance in a New York company compelled to transact business under these restrictions than in any company not so restricted; and I believe that will be the sentiment of the people of these United States."

39. Value of the Standard Policy

This policy framed by the government, and legalized by statute, insures to each policyholder (a) absolute protection, and (b) every benefit which may properly be combined in a single insurance contract.

Hence, every person who accepts a STANDARD POLICY may discharge from his mind all anxiety regarding the *terms of the contract*, and concentrate his attention on the *financial strength and management of the company*.

This, after all, is the question of first importance. A policy—no matter how perfect its form—can have little value if issued by a weak or mismanaged company. The man who insures his life wants insurance that *insures*—protection that *protects*. He should demand the best, and be content with nothing but the best.

40. Strong Points of The Standard Policy

The best thing about the Standard Policy issued by the Equitable is that the Equitable is back of it. No other company sells the "Equitable" Standard Policy.

The new policy is adequate because it is in *fact* as well as in *name* a *Standard Policy*.

There can be no "nigger in *this* woodpile."

No need for a man to go to the expense and trouble of submitting the contract to his own lawyer. Governor Hughes (in the interest of all policyholders) with the consensus of the best obtainable opinions, has done that, once and forever.

The flexibility of the Standard Policy should meet the requirements of "all sorts and conditions of men."

Heretofore the State practically guaranteed the solvency of every legal reserve company. Now our new policies also are practically guaranteed by the State.

Annual dividends enable the policyholder to know from year to year the precise value of his contract.

The policy is so very pliable that it combines the good points of several of our old policies, and can be made to fill almost any requirement.

Flexibility and adaptability—two strong points of the Standard Policy. Its *flexibility* permits changes from time to time to meet the altered circumstances of the insured; its *adaptability* meets the individual needs of all classes of insurers.

Each policy combines in itself the features formerly to be found in two or more different policy contracts.

41. How to Sell the Standard Policy

1. Have all its good points at the tip of your tongue.

2. Gather all the facts you can about every man you intend to insure.

3. Decide upon the *form* of policy that will suit him best. Then dwell upon the one *feature* in that policy which will interest him most.

4. Sell the policy on the strength of that *one feature*, calling attention to all the other benefits as *incidental* advantages.

5. If your customer cannot be interested in any *one* feature—if he holds back because he does not know what he wants—then revert to its *many* attractions and call attention to its *flexibility* and *adaptability*.

42. The Equitable Agents' Long Suit

When there is competition, canvassing is like a game of whist. The agent who establishes his long suit takes most of the tricks.

The STANDARD POLICY is your long suit.

You know that the older forms of policy (many of which are still in force) are as good as the new Standard form, and that any man who surrenders an old policy makes a grave mistake; but when it comes to canvassing for new insurance you will find the STANDARD POLICY far easier to sell, simply because you can *prove* the truth about it more easily than you can prove the

truth about one of the older forms. Why? Because of the *independent, disinterested, outside endorsement* with which you are able to back up and fortify your own advice. You are an interested party; the State's guarantee is a disinterested endorsement.

The STANDARD POLICY will win against a *non* standard policy *every time*, if you know your business.

43. The Great Variety of Standard Forms

At first it was feared that in abandoning all the old forms agents would find themselves in an embarrassing situation, but there are so many Standard contracts, and each contract embodies within itself such a variety of options, that the agent now finds himself with a very large and varied line of goods for sale.

44. Definitions Relating to Standard Insurance

Insured. The person on whose life the insurance depends.

Beneficiary. The person to whom the insurance is to be paid.

Ordinary life policy. This policy runs *during the lifetime* of the Insured and matures *at his death*.

Premiums must be paid during the lifetime of the Insured.

This policy is issued at a lower premium rate than any other except a temporary (or term) policy.

The word *ordinary* is used to distinguish this policy from the following policy:

Limited Payment Life Policy. This policy is like the Ordinary Life contract in this respect: It does not mature until the death of the insured. It differs in this respect: Premiums cease, and the policy becomes paid-up, at the end of a period of years, (such as 10, 15, 20, 25 or 30). This advantage is granted, in consideration of a higher premium rate. Such policies are known, for short, as 10 A. P. Policies, 15 A. P. Policies, etc.

N. B. Notwithstanding the title "Annual Payment Policy", premiums may be paid semi-annually or quarterly, if desired.

Endowment policy. This policy matures, and is paid to the Insured, if he is living at the end of the policy's endowment period, (a term of 10, 15, 20, 25, 30, or any other desired number of years). In addition to this, if the Insured dies before the end of the endowment period, the policy will mature and the money be paid at once to the Beneficiary. Usually premiums extend throughout the endowment period. For example, in case of a 20 year Endowment, 20 annual premiums are usually charged. But, in consideration of a *higher rate*, the premium term may be shortened. For example, a policy may be issued having an endowment period of 20, or 25 years, with a premium period of only 10 or 15 years.

Premium Basis. Most of the policies issued by the Equitable are written on one of the three forms described above, and are issued on the level premium basis. But any one of them can be issued on the single premium basis, although few people wish to pay a large single premium in advance.

Term policy. A term policy is a *temporary* policy. It runs for a certain period and then *expires* like fire insurance. It is a policy under which the liability of the company ceases absolutely after a given number of years. It can be issued, of course, at a much lower rate than an endowment or life policy, because the Society has nothing to pay after the term for which it is issued runs out.

Annuities. There are a great variety of annuities. These can be best explained by reference, in each case, to the particular contract. See also Section 59.

Dividend. A dividend is often called a *return premium* because it usually consists *chiefly* of a return of that part of the premium not used by the Society in carrying the risk. It may consist *in part* also of profits and savings.

Dividends may be used in any one of four ways. (See policy contract.) When a *cash* dividend is converted into a *dividend addition* its amount is *increased*: or, when a *dividend addition* is reduced to a cash basis its amount is *decreased*. This puzzles the uninitiated, but the explanation is simple: A dividend addition is neither more nor less than a small paid-up policy, purchased by the cash dividend used as a single premium. For example; A cash dividend of $25.23 declared on an Ordinary Life policy may be converted into a dividend addition of $50.00, if the insured is 45 years old at the time.

The Surplus (from which dividends are paid) is the difference between the Assets and Liabilities of the Society. Surplus may be *reduced* by depression in the value of assets; losses; excessive expenses, taxes, etc. It may be *increased* by profits realized, saving in mortality (over the rate expected according to the American

Experience Table) saving in expenses over the expected, excess of interest over the rate assumed.

Proofs of Death. Due evidence of the death of the Insured is conveyed to the Society by means of a series of certificates popularly known as "Proofs of Death." If death occurs in any case in which you are interested, do everything in your power to expedite the settlement of the claim if it is just and regular, for ***prompt payment*** will always aid you in extending your business.

Surrender Value. This phrase is used when a policy is surrendered ***prematurely.*** Your aim should be to prevent, as far as possible, premature surrenders. You will best serve the interests of your customer if you persuade him to take paid-up insurance rather than cash, or better still, to hold fast to the original policy. Most modern policies provide that in lieu of cash or paid-up insurance, the policy may be continued for its full amount for a short term; at the end of which the insurance will expire, and the beneficiary will receive nothing. You will do well to advise against this method of settlement. It is attractive to those who intend to protect themselves permanently ***before the term expires.*** But the practical result in most cases is that the insurance ***runs out and the policyholder leaves the beneficiary unprotected.*** Often, moreover, a man who takes extended term insurance with the idea of taking a new policy after it has expired, finds later on that he has become uninsurable.

45. Ordinary Life Standard Policy

The Ordinary Life form is of all policies the one which gives the maximum of ***permanent*** protection at the minimum ***annual*** charge.

It is, therefore, appropiate for the man who wishes to provide support for wife orchildren, or other dependents at his death.

The Insured must pay in advance a moderate premium, and the same premium annually thereafter as long as he lives.

The amount of the premium depends on the age of the Insured at the time the insurance goes into effect—and the younger his age the lower the premium.

In any case where death occurs after only one or two premiums have been paid, the return made by the Society is very large as compared with the amount paid by the Insured. And in cases where life is prolonged the *annual charge* can never exceed the premium agreed upon in advance. But, although the charge cannot be more, it may be less than the stipulated premium; for the policy is a "participating" contract, and will be credited with ANNUAL DIVIDENDS (declared from surplus earned) which may be used to reduce premiums.

The following analysis goes more into detail, but for *full* and *exact information* study the policy.

46. Analysis of the Ordinary Life Standard Policy.

FIRST PAGE OF POLICY

The Society agrees to pay, say, $10,000, to the Beneficiary, immediately on receipt of proper evidence of the death of the Insured.

The only consideration demanded of the Insured is that he shall pay the premiums as they fall due.

If the Insured wishes to divest himself of the right to change the Beneficiary the following words are added: "*Without right of revocation*". But if the Insured wishes to retain the priviledge of *changing* the Beneficiary the following words are added: "*With right of revocation.*"

The manner in which the beneficiary can be changed is explained.

Premiums may be paid annually, or in semi-annual or quarterly instalments, and (subject to the written approval of the Society) the method may be *changed at any time.*

Premiums must be paid to the Society, or to an authenticated representative entrusted with the official receipt signed by an officer of the Society.

A grace of thirty days is allowed in the payment of premiums subject to an interest charge, at the rate of 5% per annum.

SECOND PAGE OF POLICY

This page, with the exception of one or two necessary and absolutely reasonable *conditions*, is taken up altogether with a list of *benefits* such as—

Annual dividends, Policy loans*, Surrender values,§ the rules subject to which a surrendered policy may be restored, etc.

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*A loan, the amount of which is written in the policy and increases from year to year, may be obtained at any time after three years. The failure to repay a loan will not terminate the policy *if there is still a margin of value* sufficient to continue it for a further period.

Example. Suppose the indebtedness is $900, and assume that the reserve

on the policy is	$850
increased by additions whose reserve value is	$150
Total	$1,000

In such a case, failure to pay the debt would forfeit the policy; for 80 % of $1,000 would be only $800, which is less than the debt.

The result would be the same even if there happened to be, say, $100 in cash dividends to the credit of the policy; for $100+$800=$900. But if the indebtness were the same, and the value of the policy, say, $1,500, the policy could not be immediately forfeited because 80% of $1,500 is $1,200; a sum considerably in excess of the amount of the indebtedness.

§*Explanation of Surrender Value Table.* The figures in the table apply in any case where there is no indebtedness against the policy on the one hand and no dividend credits to the policy on the other hand.

The following paragraph, which immediately follows the surrender value table, may need interpretation:—

"(2) If there be an indebtedness hereon . . . . it shall be deducted from the amount . . . . . . applicable as a surrender value, to the purchase of temtempory insurance . . . . . and the owner may elect to have the remainder applied to continue the insurance in force . . . . . . for the face amount of this policy and dividend additions, less the indebtedness."

At first blush this clause might seem to indicate that *double* the amount of the indebtedness is to be deducted. This, of course, is not so.

Example: A policy for $10,000 has a "value applicable to the purchase of temporary insurance" amounting, let us say, to $3,000. This value will extend the face of the policy for the term of, say, 16 years and 3 months.

Now, let us see what the result will be if there is an indebtedness of $1,000 against the policy. In the first place the value applicable to the purchase of the extended insurance will be reduced from $3,000 to $2,000, and, in the second place, the amount of the insurance will be reduced fom $10,000 to $9,000. Then, at the age attained by the Insured in this case, $2,000 will purchase $9,000 of extended insurance for a term of 12 years and 6 months.

(An equivalent adjustment would be to draw the contract so as to grant extended insurance for the full face value of the policy [$10.000.] In that case the *length* of the period of extension wuld be reduced to 11 years and 5 months. But the STANDARD POLICY provides only for the sentlement explained above; namely the extension of the *face of the policy less the indebtedness*, for such a period as the "*value*" *less the indebtedness* will purchase.)

The third page deals altogether with the different ways in which the policy may be settled at *maturity*.

N. B. The Insured may restrict the Beneficiary to any desired mode of settlement; or he may leave the Beneficiary *free* to choose.

The first mode provided for is the payment in cash of the sum due ($10,000). This will be the face of the policy if no indebtedness *reduces* the amount, or if the amount is not *increased* by dividends.

In lieu of cash, any one of the three following optional methods of settlement may be selected.

1. The amount due may be left with the Society during the lifetime of the Beneficiary, and will bear an income called an "annuity" at the rate of 3% per annum, or:

2. The amount due may be paid in any desired number of equal annual instalments increased by interest. (See table in policy headed Option II.) or:

N. B. Unpaid instalments may be commuted under certain conditions.

3. The amount due may be paid on what is known as the Continuous Instalment plan, which provides for the payment of twenty equal annual instalments, for a designated amount, after which, if the Beneficiary is still living, instalments for the same amount will continue *for life*. (See table in policy headed Option III.)

47. Summary of Good Things in the Ordinary Life Form.

THE POLICY THE ENTIRE CONTRACT.

UNCONDITIONAL PROMISE TO PAY THE INSURANCE
provided premiums are duly paid.

IMMEDIATE PAYMENT OF POLICY
on receipt of proofs of death.

BENEFICIARY ABSOLUTE OWNER
or
INSURED MAY CONTROL POLICY.

PREMIUMS EITHER ANNUAL, SEMI-ANNUAL, OR QUARTERLY.
Mode of payment may be changed.

THIRTY DAYS GRACE ON PREMIUM
at 5% interest.

FREEDOM AS TO RESIDENCE, TRAVEL AND OCCUPATION.
Conditions formerly in all policies swept away.
Even the restriction regarding suicide is removed at end of first year.

INCONTESTABLE AFTER ONE YEAR.

POLICY A PARTICIPATING CONTRACT.
Dividends—annual.
Utilized in any one of four different ways.

POLICY LOANS AFTER POLICY THREE YEARS OLD
at 5% interest.

THE POLICY MAY BE ASSIGNED
to an individual, trustee, corporation, or disposed of by will.

SURRENDER VALUES AFTER THREE YEARS
(a) in cash,
(b) continued (extended term) insurance,
or (c) paid up insurance.

NON-FORFEITURE.
In case of lapse, if no surrender value is applied for, the policy is continued automatically as term insurance.

RESTORATION.
After being continued as a term contract the original policy may be revived under reasonable conditions.

MODES OF SETTLEMENT.
At maturity the Beneficiary may be limited to a specific settlement, or be given the choice of one of the following Options:

1. CASH;
2. MONEY LEFT WITH SOCIETY AT INTEREST;
3. PAYMENT IN EQUAL ANNUAL INSTALMENTS;
4. PAYMENT IN CONTINUOUS INSTALMENTS;
5. PAYMENT IN FORM OF LIFE ANNUITY.*

*See Sections 50 and 58.

48. Limited Payment Life Policy.

Many a man hesitates to insure on the ordinary life plan, because he fears that if he lives the annual premium may become a burden after he has passed the productive period of his life.

Such a man will be willing to pay a somewhat larger premium, if, in consideration of the higher rate, the necessity of paying premiums *shall cease altogether* after the policy has been in force for a certain length of time.

This kind of insurance is known in general as "limited payment life insurance."

For purposes of illustration let us consider a 20 A. P. Policy, for $10,000. The best way to discover the differences between this policy and the corresponding Ordinary Life form is to compare the *actual policies*. The differences are slight but important.

At Age 35 the premium under an Ordinary Life policy is $281.10. Under a 20 A. P. policy the premium is $383.40.

POINTS OF SPECIAL INTEREST.

1. The policy may cost *less* but can never cost *more* than the *sum* of the twenty premiums provided for in the contract. After that there will be nothing to pay, no matter how long life may last.

And if life is prolonged the total cost of the insurance will be considerably less than if the policy had been issued on the ordinary life form, notwithstanding the fact that the *annual charge* under an ordinary life policy is less.

2. If the owner wishes to terminate the contract, a larger surrender value can be obtained than would be paid under an ordinary life policy for the same amount.

3. If the owner wishes a policy loan, to aid him in keeping the insurance in force, a larger loan can be obtained than on an ordinary life policy.

4. As soon as the period during which premiums are payable ends, the owner of the policy may put it away in his safe, and it need never give him, thereafter, a moment's anxiety or inconvenience.

Nevertheless, he must remember to include the policy in his inventory of property. For it will then represent an asset, which at his death will necessarily be worth one hundred cents on the dollar, immediately convertible into ready money—*provided it has been issued by a strong and responsible company, such as the Equitable Society.*

5. The policy has all the desirable features of the Standard contract; immediate payment; incontestibility; guaranteed values; options at maturity, etc.

49. Endowment Policy.*

Most insurance contracts are either life or endowment policies.

A life policy remains in force during the lifetime of the Insured, and is not paid to the Beneficiary until after the death of the Insured.

* This is what is called a compound policy. It is a *term* policy (section 53) and a *pure endowment* (section 56) in combination.

An *endowment* policy is paid to the Insured *himself* at the end of a term of years, called the *endowment period;* or at his death if he fails to outlive the period.

The insured may select an endowment period of any desired length (such as 10, 15, 20, 25 or 30 years).

In the case of an endowment policy it is usually stipulated that the period during which premiums shall be paid shall correspond with the endowment period—that is to say, that premiums shall be paid for ten years on a ten-year endowment, or for twenty years on a twenty-year endowment, and so on. But by paying a higher rate it is possible to limit the premiums to a shorter period. For example: A twenty-year endowment may become paid-up in ten years.

The man who wishes the maximum amount of permanent protection at the minimum *annual* charge will select a life policy in preference to an endowment because the premium charged for insurance payable at death is considerably less than the premium charged for insurance payable at the end of a term of years. But the endowment policy is well worth the additional cost to those who can afford to pay the higher rate.

The endowment policy combines with life insurance the advantage of a savings bank deposit.

The man who takes an endowment policy knows that the insurance will be paid in the event of his premature death, but he is chiefly interested in the fact that if he is alive at the end of the endowment period he will draw the money himself, and can then spend it, invest it, convert it into an annuity, or make any other use of it that he sees fit.

An endowment policy is an excellent kind of insurance for a man who wishes to force himself to save. And if he is young he can afford to take a long endowment, which is comparatively cheap.

An endowment is an excellent policy for a father to take on the life of a son. The father can pay the premiums out of his own pocket for a time, and then, when the young man has begun to earn a living, he can continue the policy himself.

An endowment may be turned to many useful purposes. For example: If a man buys a home for $10,000, executing a mortgage for one-half the purchase price, he may hope to free his property by paying something on account of his indebtedness from year to year. Few men, however, have the means, or the persistence, to carry out such a resolve. Besides, death may intervene and spoil the programme. But if such a man sees fit to invest in a twenty-year endowment policy for $5,000, the insurance will liquidate the mortgage at the end of twenty years. Or, if death intervenes, the policy will instantly mature, discharging the mortgage, and leaving the family in possession of an unencumbered home.

The Standard Endowment Policy embodies every desirable feature appropriate to such a contract.

50. Optional Methods of Settlement at Maturity.

Under the Standard Policy the Insured (or if he sees fit, the Beneficiary) is given the choice of several modes of settlement when the policy matures. For

details see Section 58 and the policy itself. Here I shall touch upon only one mode, namely, the—

CONTINUOUS INSTALMENT SETTLEMENT

When insurance is desired for a single Beneficiary, the Continuous Instalment Policy has always seemed to me to be the most admirable and perfect of contracts.

And the *Standard brand* of continuous instalment insurance is very attractive. It is true that the man who buys a STANDARD POLICY, and limits the Beneficiary to the continuous instalment settlement, has a right, as long as he lives, to change to one of the other methods of settlement. But most men will regard this as an advantage. The time may come when the insurance may not be needed to furnish a life income for the Beneficiary, and in such a case the Insured will be *glad of the privilege* to select one of the other methods.

But the agent must be careful to fix the applicant's attention on the *continuous instalment settlement*, and advise him to *restrict* the Beneficiary to that settlement.

The more you study continuous instalment insurance, the more its merit will impress itself upon your mind.

Consider an illustration:

You go to a man 35 years old, and sell him an ORDINARY LIFE STANDARD POLICY for $10,000, to be settled on the continuous instalment basis, in favor of his wife, who is 33 years old.

As soon as he has given you his check for $281.10, and you have given a binding receipt, he will know (assuming that he is a satisfactory risk) that if he should die at any time within the next twelve months his widow will have an unshrinkable income of $460 a year for life, even if she lives to be 100 years old.

And if the Insured asks what will be the result if he does not die, you can explain that as he pays premiums to the company the amount of the provision to be made for his wife will *increase*. This surely will appeal to his sense of justice. If, for example, he dies after paying three premiums, the income payable thereafter to his widow will be $470. If he dies after paying five premiums the income will be $480. And if he lives, and continues to support his wife for many years and does not die until she reaches the age of (say) 61, her income thereafter will be at the rate of $630.

51. Rated up Policies.

Many men who are engaged in more or less hazardous employments, or who are exposed to more than ordinary risk from their environment, or who from some other reason could not be classed as *normal* risks are recognized under the new insurance laws of the State as entitled to insurance on the standard form; but not on identically the same basis as men who are regarded as absolutely first-class risks.

Standard policies, to meet these cases are written on the Ordinary Life, Limited Payment Life and Endowment forms.

The Ordinary Life form is endorsed as follows:

"*New York State Standard Life Insurance Policy—rated-up as to age—Ordinary Life Form.*"

The other forms are appropriately endorsed.

These forms correspond with the regular standard forms except that the premium is increased. This is accomplished by charging a man of a given age the premium appropiate to a man three, four or more years older. For example, the regular normal premium

for an Ordinary Life policy for $10,000 at age 35 is $281.10. The same policy "rated-up" for 5 years would cost $330.10 (the normal premiun at age 40), but by paying the higher rate for age 40 the policy-holder whose actual age is 35 will get the larger loan and surrender values corresponding with the higher rate of premium.

When the Society consents to issue a rated up policy, *deliver it*. Convince the applicant that the Society is doing all it can properly do; that he is far beter off than if he had been declined, and that later on he may not be able to get insurance of any kind.

For further particulars see the policy forms themselves; special instructions to agents, and the *Agent's Manual*.

52. Joint Life Policy.

Two lives may be insured under one contract, called a *Joint Life Policy*.

Such a Policy matures as soon as *either* of the two persons insured under it dies. (Or, if an endowment, at the end of the endowment period.)

A Joint Life Policy costs less than would be the case if each life should be insured under a separate policy.

A Joint Life policy is suitable for a man and his wife, or for two partners in business.

Example: Two men associate themselves together. One contributes capital, and the other experience. As long as both live the combination will be profitable. If either dies there will

be a serious loss. The maturity of the policy at that moment will make up for the loss of capital, or the injury due to the death of the experienced member of the firm.

The Joint Life policy is usually confined to two lives.

For further details see the Society's booklets entitled *Joint Insurance* and *Partnership Insurance*.

53. Term Insurance.

Term insurance is temporary insurance. Hence the premium is very moderate.

What is the best kind of fire insurance? *Term insurance*.

It is the best because *it is the only kind*.—Nobody ever heard of life or endowment fire insurance.

If, then, the term policy is the best *fire* contract, is a life insurance policy on the term plan the best *life* contract? On the contrary, it is the poorest except under certain exceptional conditions.

The reason a fire policy on the term plan is *adequate* is because it can be renewed, (a) at pleasure, and (b) without increase in premium.

The reason the corresponding old fashioned term life insurance policy was *inadequate* was because it could not be renewed at all if there was an impairment of health.

The agent who has interested a man in term insurance, should, *if possible*, induce him to pay higher rate and take a permanent policy to begin with.

But you will occasionally find a man who hesitates about investing money in permanent insurance. The STANDARD TERM POLICY will fit such a man like a glove, *for the great and insidious danger that lurks in an ordinary term policy is eliminated from the* STANDARD POLICY *by a clause which provides:*

(1) For the renewal of the policy at maturity,* or

(2) For a change to an ordinary life, limited payment life, or endowment policy at any time.

The Standard Term Policy may be issued to run for five, ten, fifteen or twenty years.

Sometimes a man to whom money is payable in the future, is forced to borrow money in the interval. Term insurance may be utilized to great advantage in such a case. Then the lender will be fully protected: if the borrower dies the insurance will discharge the obligation: if he lives it will be paid out of his inheritance.

54. Yearly Renewable Term Insurance.

This policy deserves a better name. It is not, strictly speaking a term policy at all, because it cannot expire during the lifetime of the Insured unless there is

***This privilege is allowed subject to a single restriction. If at the time the Insured desires to renew his policy he is past the age of 65 he will be granted the privilege of renewing without re-examination, but the Insurance thereafter must be on the Ordinary Life Annual Dividend form, upon which *level* premiums at the age attained will be charged, and the policy will run (if premiums are duly paid) until the Insured dies, when the policy will mature and the amount of the insurance will be paid to the Beneficiary.**

default in the payment of the premium. Hence such a policy will necessarily mature and be paid in full at the death of the Insured unless it is voluntarily abandoned.

The most appropiate name for this policy would be the *Natural Premium Policy*, for it is the one and only policy issued on what is known as the natural basis.

When a policy is issued on the natural basis, it is understood that the cost of the insurance for each year shall be paid for separately.

As the premium charged each year must be sufficient to pay for the risk assumed by the company for that particular year, and as the cost increases as a man grows older, it is obvious that when charges are made on the natural basis they will be very small when the Insured is young but grow larger as he increases in age.

If the policy is continued. beyond the age of 64 it will become an Ordinary Life Policy at ordinary life rates, and the level premium for an Ordinary Life Policy at age 65 will be charged. The premium, after that, will not increase but will remain the same, until, at the death of the Insured, the policy will mature and its face value will be due and payable to the Beneficiary.

CHIEF VALUE OF THIS POLICY

From the above it will be seen that such a policy will be a term policy or become a permanent policy according to the action of the Insured.

For a young man it is the best kind of term insurance because it is the cheapest. And it is an excellent policy for the temporary protection of any man who has not

yet fixed upon the kind of permanent insurance which will suit his case best, or who wants permanent insurance but cannot afford to pay for it immediately.

The owner of a Renewable Term policy is given the privilege of changing it under the following clause, which is a part of the contract:

"PRIVILEGE OF CHANGE TO OTHER FORMS OF POLICIES.

"The owner of this policy may at any time during its continuance exchange this policy without medical re-examination for a policy for the same amount or any less amount upon the Ordinary Life, Limited-Payment Life or Endowment plan upon any anniversary of the policy, or within the thirty days of grace, by surrendering the policy to the Society at said Home Office with written notice of the election and by paying the premiums to be fixed by the age on the birthday nearest to the date of such exchange, according to the rates of the Society then in force."

People who spend the summer at country hotels sometimes insure *temporarily* the personal effects which they carry with them. When the owner of a valuable painting sends it to an exhibition, it is *temporarily* insured. Thus, if a man refuses to take a permanent policy until he has increased his balance in bank, see to it that he protects his family *in the interval* by means of a Renewable Term Policy.

Offer this policy to every man who cannot be induced to apply for permanent insurance, but follow up every such customer and help him to land, later on, from the life boat of term insurance upon the *terra firma* of permanent insurance. This is the one and only kind of *twisting* that is praiseworthy.

55. How to sell permanent Insurance by means of the Term Policy.

If you offer a young man an Annual Dividend policy he may tell you that he prefers a non-participating contract because the premium is smaller. But if a small premium is what he is looking for, you can show him that the term rate is considerably less than the non-participating life rate. In such a case if the term policy fills the bill the battle will be won. But some applicants will not be satisfied with a term policy. An intelligent man who looks far into the future will see that a Yearly Renewable Term policy, if continued, or a 10 or 20 year Term policy if renewed, will become very expensive late in life. As soon as your customer grasps that fact you will have reached a stage in the argument when you can prove to him that what he wants is not insurance that is temporarily cheap, but insurance that will be *the cheapest in the end*—*i.e.*, an Endowment policy. Any young man, who belongs to a long lived family and is in rugged health has a right to expect that (barring accidents) he will outlive a 25 or 30 year Endowment period; and, notwithstanding the fact that the premium is high, such a policy will be the cheapest *if life is prolonged*. Endowment insurance is expensive only when death comes prematurely. By utilizing the above argument you can induce the man who wants a low-premium policy because it is cheap to take a high-premium policy because it will (in the long run) prove cheaper.

56. Pure Endowment.

The endowment policy is described in Section 49. It is a compound policy, consisting of a *term* policy combined with a *pure* endowment. The term policy has

been explained in Section 53. The pure endowment is now to be explained.

Term insurance is paid if the Insured dies. A pure endowment is the converse of this. It is a contract under which it is agreed that if the insured dies *during* a term agreed upon in advance the company shall pay nothing, but if the Insured is alive at the *end* of that term the contract will mature, and its value will be paid.

The Equitable is prepared to issue a pure endowment on the *Standard Form*, to any preson who is willing to pay the premium. No examination is necessary because if death intervenes the Society will have nothing to pay

A pure endowment may be issued on the single premium plan; or on the level premium plan under which the annual premium usually extends throughout the endowment period.

The pure endowment is not often applied for, although it is an excellent contract for a man who is willing to risk a moderate sum with the certainty of obtaining a large return at the end of a designated period if he lives.

EXAMPLE.

A man of forty who is resolved to retire at 60 can for an annual premium of $345.50 obtain a pure endowment for $10,000 payable at the end of 20 years.

CHILD'S ENDOWMENT

There is one form of pure endowment which is very popular. It can best be illustrated by an example.

A father who has a son one year old wishes to provide a fund with which to set him up in business when he comes of age.

For an annual premium of $367.90 he can secure a *Child's Endowment* for $10,000, to run for twenty years. If the son dies before the end of twenty years the amount paid in premiums will be lost, but if the son lives, he will have a cash fund of $10,000 with which to begin business. A wedding portion can be provided for a daughter in the same way.

THE PURE ENDOWMENT

WITH RETURN OF PREMIUMS.

Some people object to the pure endowments described above, because the premiums paid are forfeited if death occurs before the end of the endowment period. Hence the Society, in consideration of a higher premium, is willing to issue a *Return Premium Pure Endowment*, or a *Return Premium Child's Endowment*. In other words, it will *insure* the premiums. It will agree in case of premature death to return the premiums paid.

For example: In the first illustration given above, the Insured by paying an annual premium of $414.70 (instead of $345.50) will insure the return to his estate of the total amount paid in premiums, if he dies during the period. For example, if he lives nineteen and a half years, and then dies, the return to the estate will be 20 premiums of $414.70 each; or a total of $8,294.

In the second illustration above, if the Father chooses to pay a premium of $409.80 (instead of $367.90) and if the son dies after eleven premiums have been paid the contract will terminate, but the Father will receive back the sum of the premiums paid, namely, $4,507.80.

THE PURE ENDOWMENT

IS A GOOD ENTERING WEDGE.

If you say to a man, "I want to insure your life," he may turn a deaf ear; but if you say, "If you can afford to lay by from your income $4,830 a year for the

next 15 years, I can show you how to invest that money in a way which will give you, at the end of that time, a cash capital of $100,000," he will doubtless be interested. If your customer is 50 years old, the premium on a 15 year Pure Endowment for $100,000 is $4,830. The contract will mature at age 65 for $100,000, but nothing will be paid in the event of prior death. If you awaken the interest of your customer by this startling proposition, it makes little difference thereafter whether you sell him a Pure Endowment or a life insurance policy.

57. What Equitable Policy Gives Most and Costs Least?

A policyholder dies prematurely, and the return as compared with the premiums paid is enormous.

Another policyholder lives, and pays a large amount in premiums, and the *return is the same.*

Has the former secured an advantage over the latter? Yes; but the latter has secured a *compensating advantage* over the former.

How?

He gains *time* in which to earn, and save money, which, if he sees fit, he may *add* to the capital represented by his policy.

The insurance is good in both cases, although it cannot be known in advance which *kind* of value will preponderate in either case.

What is true of the insurance on the lives of different people is true of the history of individual policies.

If a man says to an agent, "What form of policy will be cheapest in the long run? That is the form I want." The agent will reply, "I can't tell you. If I could know

how long you will live, I could tell, but in that case insurance would be superfluous. If you live long the most '*expensive*' policy will be the *cheapest;* if you die soon it will be the *dearest*. *Per contra*, if you live long the 'cheapest' policy will be the dearest; but if you die soon it will be the cheapest."

How is this paradox to be explained?

As usual, the confusion of ideas here indicated is due to a careless use of language.

People regard endowment insurance as "expensive" because the premium *rate* is high; and regard term insurance as "cheap" because the premium *rate* is low. But the dearest policy to a man *who lives* is the term policy. Why? Because in that case there will be *no return*.

The next dearest policy, *if the man lives*, is the *Ordinary, Life;* because the premium never stops until he dies.

To the man *who lives* the cheapest policy is the one on which the premium is the highest—the single premium policy.

The next cheapest is a short Endowment. The next a longer Endowment. And so on.

Of course, the converse of this is true. The cheapest policy to the man *who dies soon* is the *term policy*, and the dearest is the *single premium policy*. How then is a man to determine what policy to select? Well, he must exercise his common sense, and must listen to the sound advice of the agent.

As a rule term insurance should only be recommended in exceptional cases; and the man who requires the largest amount of *permanent* protection at the lowest *current* outlay must be content with an ordinary life policy. This is also a safe policy to sell to an ignorant man; for it gives the agent of another company less opportunity for "twisting." Another advantage is

that the burden at first is light and the policyholder is more likely to keep the policy up. But when a man has the financial ability and is intelligent enough to see that if he pays more in the beginning his insurance will cost less in the end, an "expensive" policy is preferable. It is seldom well to try to sell a single premium policy, but in such a case an endowment is always appropriate.

In average cases the policy which generally gives most satisfaction in the long run, is the Limited Payment Life policy. For young men a 25 or 30 A. P. For men of middle age a 20 A. P. For older men a 15 A. P. The Ordinary Life premium becomes a burden when a man grows old. Whereas the man who has paid the last premium on a Limited Payment Life policy, is not only pleased with it, but may often be induced to take a new policy, since the old policy no longer calls for any further expenditure.

Insurance is not designed to *remove* burdens, but to equalize them; to make them easier to carry; to average things up.

When a policy has once been taken and paid for, let your customer see the folly of changing it for another. Advise him to take an additional policy on the plan that now strikes his fancy, Or devise some plan by which he can get what he wants by *supplementary* action. For example: A man has an *ordinary life* policy, and regrets that he did not take a *limited payment life*. Sell him a *deferred annuity* for the exact amount of his premium, to begin at a given age (such as 60 or 65). Thus his policy will be *practically* converted into a limited payment contract. This scheme was suggested by a field man. Use your wits, and you will be able to invent others equally effective.

58. Supplementary Contracts.

When a STANDARD POLICY matures, if it is paid in *cash* that is the end of the matter, and no supplementary contract can be required. Similarly, if surrendered for *paid-up* or *extended insurance*, no supplementary contract is needed. But if any other method of settlement is selected the original policy must be canceled and a supplementary contract issued. The clause in the policy covering this point reads as follows:

"When any option calling for annual payments* is elected this policy shall be surrendered upon its maturity and a supplementary non-participating contract shall be issued for the option elected."

SUPPLEMENTARY CONTRACTS DEFINED.

SUPPLEMENTARY CONTRACT A. *Certificate of Deposit.* This provides for a 3% income for life; and the payment of the principal is deferred until the death of the Beneficiary (see original policy, option 1), or until the death of the insured (option 4).

SUPPLEMENTARY CONTRACT B. *Instalment Contract.* This is used when option 2 or 5 (see original policy) is selected. It provides that instead of taking the proceeds of the policy in one lump sum, a considerably larger amount is payable in a fixed number of equal annual instalments; either to the beneficiary (option 2), or the insured (option 5).

SUPPLEMENTARY CONTRACT C. *Continuous Instalment Contract.* This is a continuous instalment settlement, and provides (a), for the payment of 20 annual instalments *certain*, and thereafter (b), during the remaining lifetime of the Beneficiary: either to the Beneficiary (option 3), or to the insured (option 6).

SUPPLEMENTARY CONTRACT D. *Certificate of Deposit.* This is used when *Option* 4 is selected, and provides a 3% income for life to the Beneficiary and the Insured *jointly*—or to the *survivor*. The principal is payable at the death of the survivor.

* *I.e.* Payments to be made by the *company* to the Beneficiary.

SUPPLEMENTARY CONTRACT E. *Instalment Contract.* This is used when *Option* 5 is selected (where in lieu of the principal payable in a lump sum, a larger amount is available in a specific number of instalments, payable jointly to the Beneficiary and insured).

SUPPLEMENTARY CONTRACT F. *Continuous Instalment Contract.* This is used where *Option* 7 is selected (providing for 20 instalments *certain*, and thereafter, during the remaining lifetime of the Beneficiary and insured—or the survivor of them).

NOTE 1: When an ordinary life, limited payment life, or term policy matures any one of the first three supplementary contracts (A, B or C) may be utilized.

NOTE 2: When an endowment policy matures any of the Supplementary Contracts A, B, C, D, E or F may be utilized.

NOTE 3: Each specimen supplementary contract illustrates the settlement, under a policy for $10,000, to which *no dividends have been credited.* Dividend additions would *increase* all the amounts recorded.

You can use a supplementary contract in canvassing.

Consider an illustration:

You may know that John Smith has announced publicly that nothing will induce him to insure his life. You are confident that you can show him the error of his way if you can obtain a hearing. Perhaps you can accomplish this by showing one of the Equitable's *Certificates of Deposit*, or one of the *Instalment Contracts* under which one of the strongest financial organizations in the world will guarantee an income to any Beneficiary for any desired period (from 5 to 50 years) or for life.

You can show that such an investment may be paid for in *instalments*, and that in the event of the death of the purchaser the Beneficiary will at once begin to reap the benefit of the investment. Then you must ex-

plain that a preliminary contract must be entered into, and that this preliminary contract must necessarily be a contract of life insurance.

In offering a *Certificate of Deposit*, the argument would be as follows, if the policy proposed is, for example, a twenty-year endowment, to protect a daughter:

"Your daughter is one year old. When she reaches the age of 21 it would be pleasant, would it not, to be able to place to her credit in a great financial institution a deposit of $5,000 which would yield her thereafter 3% interest for life, for as long as she may choose to leave the deposit with the corporation?"

"To secure this gift for your daughter, it will only be necessary for you to deposit a small sum annually during the intervening 20 years. If you are now 25 years old, that deposit will be $252.65.

"But that is not all; there is a possibility that you may die before all 20 payments have been made. Now the corporation I represent offers to *insure* the deposit. It agrees that if after paying, say 5, of these annual instalments you should die, the remaining 15 instalments will be *canceled*, and your daughter will be credited *at once* with $5,000, and she will begin at once to receive the income on it."

Use the *supplementary* contract to sell the *preliminary* or *policy* contract.

59. Annuities.

The annuities issued by the Equitable are *Standard* contracts.

They are practically unrestricted. The only conditions being that the purchaser must pay the proper charge, and that as each annuity falls due evidence must be furnished that the Annuitant (the person on whose life the annuity depends) is still alive. In case of error in age the amount to be paid by the Society will be adjusted to correspond with the true age.

There are no dividends on annuities.

As an annuity contract usually extends over a long period of years, it is obviously important that the company granting the annuity should have great financial strength. Hence the advantage which the representatives of the Equitable have in offering this form of investment.

Annuity charges are stated in two ways:

1. The amount of capital which must be sunk to obtain an annual income of $100 (or a semi-annual income of $50 or a quarterly income of $25) may be stated, or:

2. The income which will result if $1000 of capital is sunk may be stated.

THE LIFE ANNUITY.

This is the most popular kind of annuity. It is appropriate for a man, or woman, without depedents, whose capital, if invested in the ordinary way, would yield an insufficient income. By sinking this capital with the Society the income it will produce will be largely augmented—especially if the Annuitant is old; for the greater the age the larger the income a given capital will produce.

For details see the contract, tables of rates, and the Society's publications.

The following are the rates of income yielded by life annuities (on male lives)—at the ages given:

At 45	the investment	will	yield	5.93%
At 50	"	"	"	"	6.58%
At 55	"	"	"	"	7.45%
At 60	"	"	"	"	8.67%
At 65	"	"	"	"	10.41%
At 70	"	"	"	"	12.94%

Example: Take the case of a man, 60 years of age, who has $20,000. If invested in 4% railroad bonds at par this

amount will yield an income of $800. Should he, on the other hand, purchase an annuity from the Equitable, he will secure an annual income of $1,734.

Or, suppose a man should wish to make provision for an old servant (female) who is, say, 65 years of age. In such a case $5,000 invested at 5% would yield $250, if invested in a life annuity it would yield $500.

Here is the result of an actual investment in an annuity:—

Annuity No. 222,524, on the life of Mrs. Betsy Gage, of Brooklyn, N. Y., was issued May 21st, 1880, at age 72½. The sum of $2,000 was paid to the Society which purchased a quarterly annuity of $68.90, payable for life. Up to January 1907, over $7,250 has been returned by the Society to Mrs. Gage who will celebrate the 100th anniversary of her birth on November 18th, 1907.

Here is another example:—

In 1872, Mrs. A. S. Spring, when 52 years of age, secured annuity No. 74,047, paying $3,399 to the Society, which produced a semi-annual income of $150. Up to the present time over $10,000 has been returned by the Society to the annuitant, and as her health is good, there is every prospect that she will receive considerably more before death stops the annuity.

TWO-LIFE ANNUITY.

A Two-Life Annuity is based on the lives of two persons, and is payable as long as either survives. This form is advantageous for a man and wife who have no children, or whose children are settled in life. For a man and wife thus situated, a Two-Life Annuity is an admirable investment. Whether the husband or wife dies first, the survivor retains an income for life.

Example: Suppose a man aged 55 and his wife aged 50 desire an annuity of this kind. In such a case, for the payment of $17,651 in advance, the Society will pay an income of $1,000 as long as either husband or wife lives.

The rate for a Two-Life Annuity depends on the date of birth of both parties, and whether male or female.

SURVIVORSHIP ANNUITY.

A Survivorship annuity is often taken by a husband who believes that he will be able to support his wife as long as he lives but who wishes to provide an income to support her after his death. Or it may be taken by a father to support a son or daughter, after his death.

It is really an ordinary life policy *payable* in the form of an annuity—the annuity to begin upon the death of the Insured.

The Insured in this case is called the *Nominator*, and the Beneficiary is called the *Annuitant*.

Such an annuity may be secured by depositing a single premium, but it is usually paid for by an annual premium continuing as long as the Nominator lives.

The Nominator must be examined, for he must be a good risk. No examination is necessary in the case of the Annuitant.

Usually the Nominator is a man, for men, as a rule, are the bread-winners. But a mother may secure a survivorship annuity for her daughter, or a daughter for her mother, or a sister for a sister, etc.

In the case of an ordinary Survivorship Annuity, if the Annuitant dies before the Nominator the contract is canceled *and the company makes no return*. By paying a higher rate, however, the Society will in that event, return to the Nominator the sum of the premiums paid.

For particulars see the contract, tables of rates, and the Society's publications.

DEFERRED ANNUITY.

A deferred annuity is precisely like a life annuity except that the annuity instead of beginning at once begins at the end of a term of years (agreed upon in advance) if the Annuitant is then alive; and will be paid until he dies.

The cost depends on the age of the Annuitant when the contract is entered into, and upon the length of time during which the annuity is to be deferred. (The longer the annuity is deferred, other things being equal, the greater will its amount be.)

The annuity may be bought by a single premium or by level annual premiums extending over the period during which the annuity is deferred. The level premium plan is usually preferred.

Example: A man 35 years old determines to risk the sum of $421 from his annual income during a period of 20 years. If he dies before the end of that period there will be no return, but if he is alive at the end of that period, the Society will pay him $1,000 a year (in semi-annual instalments of $500 each) as long as he lives.

By paying a higher rate, the premiums paid will be returned to the Annuitant's estate in the event of his death before the annuity begins.

For particulars see contract, tables of rates, and the Society's publications.

TEMPORARY ANNUITY.

This is like a life annuity except that the income terminates at the end of a term of years agreed upon in advance, unless death terminates it previously. If the Annuitant dies before the end of the term the income ceases then. If he does not die it runs out at the end of the term.

Example: A man 60 years old by sinking a capital of $4,867 with the Society, may secure an annual income of $500 for a term of 15 years..

THE ANNUITY AS AN ENTERING WEDGE.

There is no sounder contract than a Survivorship Annuity, but aside from its inherent value it may be used to great advantage as an entering wedge. In the beginning it is not necessary to describe it as an insurance contract, or as an Annuity. It is a species of investment which a man can make to provide a life income for his wife, son, daughter or any other dependent. After describing it to a customer whose interest has been awakened you may find that it does not fill the bill, but it will at least give you the opportunity of passing from that contract to some form of Life or Endowment policy, sell so as to that.

60. Why the Society does not Change Deferred Dividend Policies.

It is not your duty to force your opinions down a customer's throat. Sell a man the kind of insurance he wants, giving him, of course, the benefit of your expert advice. But remember your responsibilities and protect your client as far as you are able against suicidal blunders.

When a policyholder tells you he will give up a deferred dividend policy unless it is changed to an annual dividend policy, show him that he will make a great mistake if he does not hold fast to the deferred dividend policy. If you are in a strong citadel and are attacked, take advantage of the strength of your position, and do

not throw open the gates and invite the enemy to come in. Defend the position that *a change will result in a positive injury*. Let the conflict be *there*, where you have the right and the truth to stand on.

If a man wants annual dividends on a *new* policy he can have them, but if he has a deferred dividend policy he will do himself an injury if he surrenders it for an annual dividend policy, in this or in any other company.

You know that we refuse to change a deferred dividend policy to an annual dividend policy if it is more than a year old because we recognize our responsibilities and must carry out our contracts in good faith not only with those who surrender *but with those who continue.* **But if you believe that this is our only ground for refusal, you fail to appreciate the full force of our position.**

The deferred dividend contract is an absolutely sound policy. If premiums for two or more years have been paid, such a policy cannot be changed without sacrifice. The end of the Accumulation Period is nearer than when the policy was issued. If it is an endowment, or a limited payment life policy, the time is approaching when premiums will cease. If the policy is maintained, it will not only receive its share of surplus, but, if continued thereafter, it *will then receive dividends at short intervals.*

If no dividends have as yet been *paid*, that very fact furnishes an additional reason for keeping the policy until the surplus accumulated from year to year *is* payable as a dividend.

Remember that in every properly conducted company annual dividends are larger on the older policies, and that on this account alone a change to a new policy in the same, or in another company, is inexpedient.

If a man has bought a piece of land; has plowed and harrowed it; has enriched the soil; has planted it, and sees the approach of the time when it will become productive, he will make a mistake if he swaps it (under the advice of a real estate agent, who is thinking only of his own commission) for an unimproved piece of land of equal size, even if it is conceded that the new plot is worth a trifle more than the old plot was worth before its development began. Thus it is with a policy.

61. What is Deferred Dividend Insurance?

You cannot *sell* deferred dividend insurance at the present time, but you must *understand* it, (1) to protect Equitable policyholders against "twisting" agents, and (2) to *satisfy* the many policyholders who have that kind of insurance.

Hence, I advise you to read carefully the following explanations:

Deferred Dividend Insurance Explained.

Years ago it was seen by insurance experts that under the annual dividend plan those who lived long were compelled to pay premiums for many years, making their policies burdensome after a time; whereas, those who died prematurely (after paying, perhaps, only one or two premiums) left enormous returns to their heirs. Such inequalities are inherent in life insurance, but it did not seem necessary to magnify them by paying *dividends* on the policies that thus matured prematurely. It was seen of course, that the *insurance* must be paid in every case, but it was also seen that no hardship or injustice would follow if all those who took policies agreed in advance that in cases where death came quickly no dividends should be allowed, and that all surplus earned should be accumulated, and paid only to those who lived and kept their policies in force; thus providing a fund, not to *remove*, but to *lighten*, the weight of the necessary burden imposed upon those who lived long.

The deferred dividend plan was devised also to check the lapsing which had become very prevalent under the annual dividend plan. It was believed that a reward in the shape of a deferred dividend would make a policyholder more steadfast.

Another objection to the old annual dividend *life* policy was that until *death* terminated the contract no relief from the burden of carrying it could be looked for. That difficulty had been evaded in cases where policies were issued on the limited payment life or endowment plan. But it was recognized that many people could not afford to take such policies. It was seen, therefore, that it would be of great advantage to the holder of a policy on the *ordinary life* form if he could be given the opportunity of terminating the contract without sacrifice at some convenient time prior to its final maturity. Hence the deferred dividend life policy was framed to meet that difficulty. A young man was thus enabled to take a policy at the cheapest (namely, the *life*) rate, with the understanding that at the end of twenty years he could terminate the contract and withdraw in cash his entire equity in the company; *i. e.*, the entire reserve on the policy together with his share of surplus. It was also provided that instead of cash he could obtain a surrender value in paid-up insurance (thus relieving him of the burden of further premiums), or exchange the policy for an annuity for his own support.

These were genuine improvements; their value was quickly recognized, and the business of life insurance, which had been languishing, revived. The enormous growth of life insurance in America dates from, and has been due directly to, the popularity of deferred dividend insurance. It follows from this that a multitude of widows and orphans and old people have been protected, who otherwise would have been left destitute.

What, then, are the objections to this plan of insurance?

Deferred dividend insurance has been criticised because it has been alleged that dividends belonging to those who die prematurely are forfeited—ruthlessly snatched from those to whom they belong, and held for distribution among those who have no right to receive them. This is plausible, but it is false. Each policyholder has a right to agree in advance upon the basis upon which dividends shall be distributed. He has a perfect right to relinquish all claim to dividends in the event of his premature death, if *in consideration of that waiver* he becomes entitled to a larger return if his life is prolonged. All objections to such an adjustment have been due to ignorance or prejudice.

People have been disappointed in their dividends because the companies have accumulated less surplus than was expected;

but the disappointment has not been confined to deferred dividend policies; and this objection, if valid, should apply to participating policies of all kinds. One class should not be condemned on this score and all the others disregarded. The remedy is to be found in conducting the business, as a whole, so as to save and make more money, in order that dividends may be increased on policies of all classes.

It has been objected that the deferred dividend plan results in a larger accumulation of surplus than is expedient; but a large surplus is the chief glory of a bank or trust company, or of any other financial institution; and a life insurance company should be no exception to this rule. In fact, this rule applies with greater force to a life insurance company than to any other financial organization, because its funds are chiefly held for the protection of widows and orphans; and permanent safety must always be the consideration of first mportance.

Under the deferred dividend plan more money is ultimately distributed in dividends than under the annual dividend plan, and the part which is temporarily held in reserve, although ultimately to be distributed, necessarily increases the financial strength of the company—an advantage to every policyholder. Besides this, it must be constantly borne in mind that the fund from which dividends are paid is nothing more nor less than the surplus assets of the company; *i. e.*, the difference between its assets and its liabilities. And if the directors and officers of a company can be trusted to take care of that portion of the assets which must be held to meet its fixed liabilities, they may be trusted to take care of the balance of its assets *i. e.* the surplus. Rules have already been devised under which, hereafter, surplus assets will be protected with the same care as the rest of the assets of every company.

62. Future Annual Dividends.

If you were asked to tell what profits a certain business firm would realize hereafter, it would be necessary for you to determine first the calibre of the men managing that business; their efficiency and skill; their ability to make profits, and their capacity to conduct that business with due economy.

If you were asked to predict the dividends which a manufacturing company, or a railway company, would be able to pay on its stock hereafter, it would be necessary for you, in the first instance, to measure the capacity and efficiency of the men charged with the administration of the company.

No one can tell in advance what annual dividends any life insurance company will be able to pay in the future; but every Equitable agent can reveal to his customer the character of the Equitable's administration; what is being done to increase income and to save money. This is the only safe and candid method of procedure.

It is not fair to the applicant for new insurance at the present time, to quote the annual dividends that have been paid in the past by this or by any other company; for false conclusions are likely to be drawn from the dividends of the past. In one case they may *overstate*, while in another they may *understate*, the dividends which any given company may be able to pay hereafter. Some companies have in the past succeeded in investing their funds in certain directions at rates of interest which the same companies can never hope to realize hereafter. In other cases improved methods, increased earnings, and larger savings may be expected to result in larger future dividends to policyholders. It is in life insurance precisely as it is in other branches of business. Skillful management will produce satisfactory results. Unskillful, injudicious, extravagant management will result in loss.

Any agent of ability can so present this matter to his customer that he will see that the Equitable is the company to select. And the argument will become irresistible if attention is called to the financial strength of the Society, and to the fact that it is conducted altogether for the benefit of policyholders, and pays its obligations more promptly than any other company.

EXTRACTS FROM CIRCULARS TO AGENTS

NOTE

THE Equitable Life Assurance Society was the first company to send out circular letters to its agents to stimulate, encourage, and instruct them.

A few extracts gathered from such official utterances—written by the President or some other Executive officer—are here appended for the benefit of those who have recently joined the agency force of the Society.

One paragraph every morning will serve as an excellent tonic to prepare you for the day's work.

Things Old But Ever New

and

Things New That Will Never Grow Old

Let your love for the Equitable, your recollections of the glorious victories won under its banner, and your responsibility as supporters of its reputation in the future, so press upon you that every latent power of body and mind may be aroused and perfectly developed in the discharge of the trust committed to your care.

❦ ❦ ❦

Work regularly, and devote a specific time to your work. The desultory man, who mixes his business up with other avocations, *may* do business; the agent who devotes all his time to *one* thing, and turns neither to the right hand nor to the left, but works regularly and indefatigably, *must* succeed.

❦ ❦ ❦

Watch your record, and the moment your business begins to droop, make use of all proper expedients to arrest the decline. Do not suffer it to get so low as to be almost beyond control before beginning the effort to force it up.

❦ ❦ ❦

It is a most important secret of our business never to let one month run behind its predecessor; and it will be found that money, time, and influence expended at the moment when business begins to flag will save far heavier expenditures later on.

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A man who walks against time accomplishes more than one who starts out for a morning stroll. He turns neither to the right nor to the left; takes not only a longer but a quicker step; and, if he loses a little at one point, strains every nerve to make it up farther on.

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A man to succeed in any given work must have tact, combined with that energy that "knows no such word as fail"; but in addition to this, he must conduct his business in such a manner as to give the most ample opportunity for the full display of his powers; and in order to meet with a great success must utilize every influence within his reach, and make it work with him to consummate the desired object. A man accomplishes most by his own individual work, but if he can control the labor of others, he may materially supplement his individual work.

Compass all the obstacles, discouragements, and failures that you meet with. Make up your mind whether or not you are willing to put the intelligence and energy into the work that will cause you to rise superior to all hindrances.

So great has competition become, and so vigorously has the business of life insurance been pushed in all quarters, that in order to succeed you must rise earlier, sit up later, and work harder and more skillfully than those around you.

The older life insurance agents throughout the country, who are familiar with this Society's history, know that its success is largely owing to its appreciation of the value of the services of the life insurance agent. It has done more to define and protect the rights of agents than all the other companies. The Society is popular among life insurance agents, and has in its service the best men engaged in this business.

In order to ascertain if the business of life insurance is worth the exertion, find out the result by computation of the value in capital of the annual income from your renewal commissions. Calculate how much money invested in good securities would produce an equal revenue. Estimate this on an amount of business that can be done by the proper cultivation of your territory, and you will find that the results are such as to justify the efforts which we call upon you to put forth.

Agents who have been connected with the Society for a long time, and are familiar with the history of life insurance, know that the Equitable was the first company to give to the agents their rights in black and white—a fair written contract, so that their rights could not be ignored. The Equitable is the company which has given the agent his proper place, and has given him the credit which belongs to him of right as the most important factor in the building up of a life insurance company.

As a result of the course pursued by the Equitable, our agents have felt very closely identified with every interest of the company; they have shared the same anxieties and pleasures experienced by the officers, and with them have contributed to the growth of the Society and watched its progress, year by year.

It is this vital personal interest in the Equitable, on the part of its agents and officers, which has made the company what it is to-day.

The power of money is great, but it cannot go into the market and buy or control the forces which contribute to such a success as has been achieved by the Equitable Life Assurance Society; and if in the future the agents and officers of the company lose this living, personal interest, from that time the tide will turn, and the decadence of the company will begin. Let us, then, be true to ourselves, and keep our reputation untarnished as faithful guardians of the company's interests during our time.

Anything that is worth doing at all is worth doing well. Make up your mind, with all the lights you have, as to the ways and means that you can employ to push your business. Having decided, use the greatest system in conducting your agency. Order, regularity, and system are indispensable. Some men give up just at the time that success is waiting for them. But if, at the time at which nine men out of ten are ready to become utterly discouraged, you take hold with redoubled energy, you will overcome all obstacles.

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The lesson to be learned from our experience is that it does not pay to lag behind and come in last.

But it does pay to be connected with the company that has the best corps of intelligent, hard-working, positive, result-producing agents in the world.

It does pay to be connected with a company where the officers are exhausting every energy, straining every nerve, to make crooked ways straight and rough places smooth.

Some agents of other companies know what it is, when pressing the enemy hard in the prosecution of their work, to have not only a fire in front, which they expect and can take care of, but a constant fire in the rear, which they do not expect and cannot take care of.

The successful life insurance agent takes great pride in his work; lays his plans adroitly, and secures for service in his company the best men in his community. He is untiring; is willing to do and dare anything in the interest of his company; and his whole heart and soul are devoted to his business with an enthusiasm which knows no bounds.

This is not the day of small things, but of great ones. We must set our standards high, giving to our tasks the necessary amount of labor and skill.

The most brilliant achievements which have been wrought by man, and which have elicited the admiration of the world, have not been the results of dreamy, indolent genius, but the outcome of conscientious, unremitting toil—restless activity of mind, which is not satisfied until the best ways and means are ascertained for the accomplishment of the desired end; and then the resistless force which carries them into successful execution.

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First, organize your work. No matter whether your territory extends over several States, or several counties, or if it is confined to a single city or some country town; organize your work and make up your mind whether or not you will endeavor to accomplish the task which is before you, and whether you will, by every means in your power, not only endeavor to succeed, BUT SUCCEED.

In speaking to the best corps of agents in the world, we do not feel competent to advise you in every case how to work; your own experience is the best guide: but it is safe to charge you to think before you act—take time to make up your mind as to the best means to be used to accomplish the desired result. It is worth the most serious reflection; don't make any mistake about this.

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To look back to the commencement of the Society in 1859, which was indeed a day of small things, and to recollect the difficulties and trials that have been successfully encountered and overcome by the agents of this Society, cannot but give us confidence in the ability of the agents to secure even greater victories in the future.

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At times, insurmountable obstacles may seem to block your path; other companies may seek to hedge your way by their unwise action: but it is our experience that such things are only temporary. The officer of any life insurance company, when brought to book at the end of the year, and obliged to consider the outgo and income, surplus and liabilities, and to prepare the company's statement for publication, is pretty sure to realize a sense of the responsibility of the work in which he is engaged, and is not likely to persevere for any length of time in a course which is sure to bring ruin and destruction upon his company. His inexperience may change to bitter experience, if the conduct of his company is not marked by economy and common sense. "Even a fool has his serious moments."

If the question is asked: What forces have raised the Equitable to its position as the leading life insurance company of the world? the answer is: That its dealings with its patrons are liberal and just; that it does not seek for gains to be made by harsh technicalities, and that its management is wise and conservative, as is shown by its great financial strength.

The Equitable has succeeded, not because it has been so guarded and restricted from without that it has been forced to deal fairly with its patrons, but because it has sought to give its policy-holders the best insurance possible. It has consequently sought:

First, To give the utmost security;

Second, To confer the largest benefits; and

Third, To sweep aside every cumbersome restriction.

It is therefore known as the originator of every important improvement in the buisness.

It has been our aim in the past to offer to the public insurance based upon correct business and mathematical principles, and to have it free of any tricks, evasions, or equivocations; and we are determined not to be diverted from this by any thoughtless or seemingly unscrupulous competitors.

So long as envy loves a shining mark will the Equitable be the target for the arrows of its rivals and enemies.

If you have the grit and the backbone to overcome and rise superior to all the obstacles that obstruct your pathway; the tact and good sense to make the most of all the facilities in your hands; the system and ability to put every part of your field in the most perfect order; the power to work when other men give up, until you get that "second wind" and feel that "second strength" which knows no fatigue: if you have these qualities, coupled with the determination to outdo all your previous efforts, you will be able to write your part, and more than your part, of the new business which we have the right to expect to receive.

Truth as expressed in correct business principles is a fixed quantity, eternal in its character, and not susceptible to change. Those institutions which for ephemeral advantage depart from such principles are sure to pay the penalty in the end. Illustrations of this fact are to be found in great numbers in the history of life insurance companies. We shall always do everything in our power consistent with sound legitimate methods

to forward your interests. Ill-judged devices and reckless expenditure to obtain business must of necessity result in permanent injury, even if they seem to yield some temporary advantage. So far as this Society is concerned, it will continue to pursue a conservative and prudent but vigorous policy in the prosecution of its business; and it will depend, as it can safely do, upon the intelligence, skill, and energetic action of its representatives in the field for maintaining in future the leading position which it now holds and has held for so many years in consequence of its refusal to be drawn by competition into unwise courses.

In extending the beneficient influence of life insurance the managers and agents of this Society have been more efficient and successful than the representatives of any other company; but this is far from being all the good in this direction accomplished by the Equitable; for the influence of its example, and the success attained through the reforms introduced by it into the practice of life insurance, have stimulated other companies; and imitation of the plans and methods of the Equitable has been found by them to be an essential condition to success. Thus to the results achieved by the Equitable directly is to be added the influence which it has exerted indirectly upon life insurance at home and abroad.

Results have been accomplished in the face of unparalleled competition, without transcending the bounds of rigid conservatism in all the departments of our business—a conservatism which has always characterized the management of this Society. Nevertheless, we have met and successfully overcome competitors who have resorted to methods that would not be countenanced by any prudent business man in the management of his own affairs.

No company or body of agents can long pursue practices that are frowned upon by honest public opinion. This is sometimes learned to the cost of those who aim to strike below the belt.

A good beginning is half the battle. It will carry you right along through the year. On the other hand, if you should relax your efforts, and the results of January should be meager, it will be very difficult for you to recover the lost ground. Let there be no relaxation, therefore. Make the results of January exceed

those of December. The good effects of such a beginning will be felt throughout the year.

While the reforms which have been introduced by the Equitable may have a tendency to reduce the amount of its annual business, we believe the business written will have better staying power, and that a larger proportion of it will be renewed and paid to the end.

The management of the Equitable pledges itself to endeavor to avoid the evil and injurious practices in the conduct of the business which have prevailed to a greater or less extent among many companies, and which, we think, have been to the detriment both of the companies and their managers throughout the country.

The great Dr. Johnson once said that men do not so much need to be instructed as to be reminded of what they already know. I want to repeat to the agents of the Equitable a number of things which they know, but which it is for their good to remember.

After a brief experience in this business, an intelligent manager will ascertain that his interests are promoted by spending his energies in pursuit of the business that will stick, even if it is harder to get, and even if he does not at the moment appear to be making as rapid progress.

There is no antagonistic interest in this business. It is to your benefit that we should so conduct it that the policy-holders will be more than satisfied with the management of the Society.

We propose to place the Equitable in such a position as to make it increasingly easy for its agents to secure the best class of business, and thus make the Society more than ever the most profitable to represent. At the same time, we wish to have none but straightforward, honorable men, who secure business by satisfactory methods. We do not wish the business of reliable agents to be hindered by the wrong methods of others.

In conclusion, let me remind you that the best—indeed, the only way to make a good showing for yourselves and the Society during the year is to begin at the very beginning and keep up unremitting and energetic efforts until the end of the year; to make every day count, and never to permit yourselves to rely upon the delusive hope that another month may restore what the preceding one has lost. Begin the new year aright;

pass new resolutions in the line of these suggestions, and keep them. In this manner you will mark each succeeding year as the most successful in your career.

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The directors of the Society deem the quality of its risks and the economy of its management of far greater importance than the volume of business transacted.

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There are only two ways for a life insurance company to write a big business: One is by the excessive use of money, which before long would so increase the expense that it would necessitate a reduction and in the end an abolition of dividends; and the other is by using the greatest possible economy, both in the home office and throughout all the agencies, so as to produce such an increase of surplus (which is the dividend-paying power) that the agent in the field will be enabled the more easily to effect insurance through the intrinsic excellence of the company.

We prefer the latter way, and believe that by following it consistently we shall further alike the interests of the Society and its agents.

Those of you who have been with the Society a long time must appreciate the magnitude and importance of the work which has been accomplished.

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The public is becoming better educated as to the merits of different companies. Intelligent business men are rising above the idea that one company is as good as another. The necessity which all commercial men have been under during the past twelve months of critically examining every class of security in which they have had any interest has led them to scrutinize more carefully the different companies before applying for policies. They have learned, consequently, that the Equitable, with its assets solidly invested, and with so large a surplus, is the company to be preferred above all companies whose assets are less solidly invested and whose surplus is smaller.

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When the market value of securities is highest, when everything is easily sold, and lenders are anxious to keep money out instead of calling it in, when business is booming and enterprises are easily floated, men feel flush and can be easily persuaded to buy life insurance.

At other times, they can be induced to buy insurance when money cannot be borrowed; when even the best securities cannot be sold except at a tremendous sacrifice; when estates cannot be settled up to advantage. Then their thoughts turn readily to life insurance, and they recognize the fact that perhaps the only asset they can rely upon absolutely for the settlement of their estates, in the event of their untimely death, is life insurance. Then they see clearly that the only investment which they can make which will become more valuable as the stringency increases in severity, and the only asset they can possess which will appreciate instead of depreciating at their death, is life insurance.

The body of agents of the Equitable Life Assurance Society of the United States is not excelled in character and caliber by any other body of business men in the world, and the Society is to be congratulated upon the class of representatives it has. Some of us recall a time when the life insurance agent was not held in the esteem which he enjoys in these latter days. To-day he is regarded as the peer of any man in any business, and he has scattered the beneficent influences of life insurance so widely that his vocation is recognized as being in the first rank of honorable professions. We may count on a greater future for life insurance because of the high class of men now engaged in the business, and the Equitable will continually take the lead in weeding out those who by their acts bring reproach upon their profession. The betterment of the business depends primarily on the employment of such men only as will not countenance dishonorable conduct; and if such men only are employed, other questions will take care of themselves, for such representatives will not require the restraint of prohibitory regulations.

If you were handicapped by working for a poor company that had no record behind it, a great deal of your energy and vim would be wasted.

It is astonishing how much more a man can do if he has in his mind a definite object that he is striving to accomplish, than if his efforts lack purpose and concentration. In other words, if an agent makes up his mind to write $100,000 of new insurance in a month, he is certainly likely to write a larger amount than if he starts out with no definite aim, or if he is striving to write but one half that amount. It is an old saying that "Your arrow will fly higher if you aim at the sun than if you aim on a level with your eye."

Our obligations for the support of our families and the education of our children, our desires to enjoy the comforts, not to say the luxuries, of life as we go along, the importance of having a capital "to bank on" in conducting our business, and also the hope which we all have to lay up something for the consolation of our old age—all these things urge the necessity of making to-day such plans as shall insure the results which we wish you to attain. While you are yet in health and strength, and able to work hard, you must decide the question whether or not you will strive to attain the position of the successful man.

We want you to find more enjoyment in your business than in anything else; then it will not be irksome to devote a greater part of your time to its presecution; indeed, it will be easier to disengage yourself from all other things and press forward. It is but a step from love for the business in which you are successful to an enthusiasm for it. The man of one idea, whose course is marked by enthusiasm, is a power in the world. All leaders, both in great and small affairs, have been men capable of inspiring enthusiasm in their followers. Remember this. Prove to them your capability as a leader, and don't lie in the ditch, like the Wagoner, and cry to Jupiter for help. If you do, you will probably get the answer that he did: "The gods help those who help themselves."

Your time is your capital in business. Learn to be economical of it and dexterous in the use of it. If, at the close of each day, you will think over what you have done, and will note how much time you have wasted so far as any desirable results are concerned, you may be led to keep a stricter watch upon the hours of the next day as they slip by. You can do a great work if you will never let a day pass without gathering some valuable result, and you will be surprised, at the end of the year, by the progress made.

Make the most of such mental endowments (personal peculiarities, if you choose so to call them) as have in times past brought about your greatest successes. Sometimes agents who have recently engaged in the business feel great embarrassment in approaching the most important men in their community. Some fear one thing, some another; some consult their fears on all occasions, and hardly dare to go forward. But if they will take good heart and go forward resolutely, many things that they have feared will vanish. The lions standing in their path-

way will retreat as they advance. Do not think that other men succeed better than you do because they have greater ability; it may be that you can do as well if you work as hard.

"The heights by great men reached and kept
Were not attained by sudden flight;
But they, while their companions slept,
Were toiling upward in the night."

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What the life insurance business needs above everything else is character, honesty and good business administration. There can be no objection to proper legislation safeguarding the business, but it should be sane and sound.

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The Society depends upon its policyholders to see that there is no unreasonable legislation enacted. It may from time to time call their attention to measures calculated to do them harm, but under no circumstances will it be a party to any corrupt methods in preventing "strike" legislation. We aim to meet the just requirements of every State and Government, and we rely upon our policyholders to see that no injustice is done them.

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We believe in the fullest possible measure of publicity. The policy holders in particular and the public in general are entitled to know how funds are being invested and guarded; what the earnings are, and every other feature of interest about the Society's affairs.

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We do not believe in securing new business at the expense of the old policy holders, nor do we believe in writing business in any part of the world where it cannot be handled within the loading for expenses.

The Society is complying squarely with the spirit and the letter of the new insurance laws of the State of New York, and offers to the insuring public the new Standard Policies prescribed by these laws, safeguarded by unquestioned security and backed by a determination on the part of its directors and officers to so manage the Society that it shall continue to commend itself to present policyholders, and command the patronage of insurance buyers.

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There will be the greatest consideration for policyholders; at every point their interests will be protected. The more econo-

mies of the right kind we can institute, the more we shall be able to perform—not promise—to the policyholders. Investments will be made of the highest character. We will buy the best bonds and the best securities that we can find and pay as little for them as possible. The cheaper we can administer the Society, the more we can do for our policyholders, and the easier it will be for our agents to sell insurance.

We should all work to put the business of insurance on the elevated plane that it ought to occupy and we should maintain our position rigidly to do that which is right, and to have the best standards of any insurance company in existence. Let us lead all insurance companies in trying to do the right thing.

This Society will have an unbiased and independent audit of accounts by outside accountants every year. There will be no system of bookkeeping to conceal how badly or how well the Society is doing. There will be no attempt to deceive anybody, not even ourselves.

We have high ambitions for the Equitable. We want it to be not only the greatest and the best but the safest and most conservative life insurance institution in the world. We want it to be the one that agents will like the very best to work for. We want it to be the one that bankers and people who have securities for sale can feel that they will always get a square deal from. We want it to be the one that policyholders will recommend their friends to insure in and that everybody can point to with pride. We want it to be known, not only as the strongest financially, but the strongest morally. We want it to be known as a perfect working machine.

The life-insurance companies were, for a time, like great passenger-steamers that had encountered heavy weather, and whose passengers had become apprehensive notwithstanding the fact that it was clearly shown that the vessels were absolutely seaworthy. The best counsel, therefore, that we could give those passengers was to advise them to stick by the ship.

The wisdom of that advice has been clearly demonstrated. Many timid people have been re-assured and re-insured, and many new policies have been issued.

The policyholders of a life-insurance company, however, are not in all respects like passengers, for they are the owners of the

ships on which they sail. Just here, reformers and critics and legislators and the public at large are in most danger of going astray. The policyholders of a life-insurance company are not merely customers; they have a proprietary interest (whether the company has a large capital, a small capital, or no capital at all). The policyholders constitute the company; contribute the money with which the business is conducted; pay their own losses; reap the profits of good management, and suffer the penalties of mismanagement. It does not follow from this that the business must be conducted by the policyholders themselves; but it does follow that those who are charged with that responsibility shall protect the interests of the owners.

THE brave man carves out his own fortune. Every man is the son of his own works.

—*Don Quixote.*

MISCELLANEOUS
ITEMS OF INTEREST

NOTE.

The following miscellaneous items are given as a sort of postscript to this book.

Some are designed to emphasize facts already stated; some are compact summaries of arguments that have gone before, while others suggest new ideas worthy of careful consideration.

Some are addressed to the agent; some to the public.

Each item may be considered and utilized separately.

Grist and Grit.

How are Equitable policies to be sold?
Precisely as they have been sold for half a century.
What difficulties confront the agent today?
Precisely those that have beset his path for a century and a half.

There are new obstacles and novel excuses to be dealt with, but the controlling objection remains and dominates the situation. It is not a lack of appreciation—people recognize the value of insurance and want to possess it. The difficulty is that they don't want to *pay for it*.

The whole art of soliciting is to constrain a responsible man to sign a check.

All you need then is—

Grist and Grit.

Material to work upon, and genuine Courage.

Every civilized community is full of material. The men and women who want insurance (although they may not be quite ready to pay for it) are as the sand upon the seashore. So there is no trouble about the *Grist*.

Whether you have the necessary *grit* or not depends on *yourself*.

Someone has said—

"*Only live fish swim up stream.*"

The salmon breasts rapids that would carry a man to perdition, and laughs at waterfalls and other seemingly insurmountable obstructions. He can stem the swiftest current for hours and days; and if he sees fit to turn and swim *down stream*, he can dart away so rapidly that the eye of man cannot follow his movements.

Equitable agents are succeeding today. Is it because the business and the times are easy? No. The insurance business will always be hard. Equitable agents succeed in spite of—or perhaps, in consequence of—their difficulties.

The insurance business is a difficult business. That is why competent agents are strong, active, masterful men. If the work were easy it would lose its savor. The stronger the current the hardier and more competent does the agent become. He experiences to the full the joy of living. He rejoices in the rewards he earns because they are hard to win.

Only live agents swim up stream—the dead ones float with the tide.

An Eastern Sage once said to a prince who came to him for advice. "*Beware of the tears of the weak.*"

Economy of Labor.

THE farmer is in business to gather in his crops, and to sell them.

The agent is in business to write applications and collect premiums.

It would be better for the farmer to be idle than to plow, and sow, and reap, and then *stop there.*

The agent must be prepared to talk insurance, and show the superiority of Standard Equitable Policies. But if he talks well and convincingly and stops there, all his time and labor will have been wasted.

Of course, if you can write an application, and get a check for the premium, without first talking life insurance and advocating the Equitable, *do it:* for all your talk is but a means to this end. Don't waste your time over the *means* if you can reach the *end* without preliminary labor.

And *never* spend time or waste energy on the *means* unless you have resolved to *reach* the *end.*

Importance of Time to the Agent.

No agent can achieve notable success unless he "takes time by the forelock."

Industry is another name for *economizing time*.

The man who makes good use of his time is never a hurrying, bustling, perspiring mortal. That kind of man is the one who has been wasting his time and is trying to catch up.

Another name is *system*. Another is *organization*.

What wonders every industrious, systematic agent, whose business is thoroughly organized, could do if he had *time* to do all he wants to do!

An agent cannot spend all his time in canvassing. He must get from point to point. He must wait for interviews, and, more important still, must *prepare* for interviews.

It takes time to run people down; to find out about them; to prepare attractive propositions.

Be careful with your time. Spend it carefully. Don't pay any of it out except for *results*.

Every Equitable agent who is spending his time wisely and well is writing applications. The ones who are timid, or apathetic, or idle are the only ones who are not succeeding. Why? Because they are squandering their most precious possession—their TIME—for things that are of no value.

Security.

A life insurance company should be, and may be, the strongest of financial organizations.

It *should* be, because its province is to guard the savings of the people; to protect widows and orphans, and to give support to those who are old and unable to support themselves.

It *may* be, because of the uniformity of the workings of the "law of mortality" upon which it is based; because of the fixed scientific principles in accordance with which it is conducted, and because it is protected against the chief perils which are a constant menace to banks, trust companies, and other financial enterprises. There can be no "run" upon an insurance company; and experience has proved that a well-managed life company, instead of suffering from a financial panic, can turn it to advantage by prudently investing surplus funds at a time when market values are depressed.

That what *should* be, and *may* be, *is actually the case,* is illustrated in the position attained by the Equitable Life Assurance Society of the United States—A company whose reputation for financial strength, fair dealing and promptness is world-wide.

A Caution to Policy-Holders.

Policyholders are beginning to recognize the fact that they themselves form the company; that they are, so to speak, partners in the business; that if the company suffers, they lose; that if the company prospers, they reap the benefit.

When policyholders need new insurance they will do well to take it in their own company.

They can exert a potent influence also in advising timid persons, who have permitted their policies to lapse, to revive them. It is well known that an old policy taken at a younger age has greater value than a new policy taken at an older age.

This truth is sometimes obscured. There are unfortunately a class of agents in the community who for personal gain are willing to "twist" policyholders out of one company into another; thus inducing them to drop valuable contracts for policies of less value. Such trickery is possible because all companies issue a variety of policies, some of which are more expensive than others.

When an applicant has once taken a policy and paid for it, he will find it advantageous to continue the contract, so that at its final maturity the full value of the investment may be realized.

Cheap Insurance.

If your cheap cable parts, and your ship goes on the rocks, and your valuable cargo is ruined, where does the economy come in?

If you buy a policy containing exceptionally liberal promises, at a very low premium, and afterwards discover that the company issuing the policy is weak or injudiciously managed—if many of its transactions have resulted in loss rather than profit—will you conclude that you have purchased cheap insurance?

Is the insurance of a shaky company cheap at any price?

Will any policy prove cheap in the long run (no matter how small the premium) unless the assets of the company are prudently and profitably invested, and unless its business is conducted with economy and skill?

If unadulterated coffee is worth 30 cents a pound, and you buy a mixture of coffee, toasted beans, and chicory at 15 cents, how much do you save?

Which is cheapest, one hundred dollars worth of gold for $100, or a "gold brick" for $7.50?

If you put a cheap elevator in your building, and it falls, and several passengers are killed, and you

are forced to pay heavy damages, where does your profit come in?

Would you imperil the health of your wife and daughter by employing a cheap doctor? Why, then, should you imperil their whole future by buying "cheap" insurance?

You exercise ordinary care, do you not, in investing your savings? Why, then, should you be heedless about the *quality* of the insurance taken to protect your family if you die, or to support yourself if you live?

Insurance to be cheap must be genuine and sure. If you want really cheap insurance take an Equitable policy:

1. Because the great financial strength of the Society guarantees the safety of the investment, and

2. Because of the Society's vigorous and economical administration.

The Society charges standard premium rates. When there is profit and saving, liberal dividends will necessarily result if the business is conducted on the mutual plan.

SUCCESSFUL MANAGEMENT
MEANS
MINIMUM COST

Why You Should Insure in Some Good Company.

Because Thereby Capital is Created.

You can create a capital *instantly* by investing a small sum annually in a life insurance policy.

The only other safe methods of accumulating capital are by arduous toil or slow saving—*and such efforts are cut short by death.*

Because It Perpetuates Your Earning Power.

Your salary, or the income from your profession or business, will terminate at your death. Insurance furnishes the only method of continuing such income after your death.

Because It Guards Against Danger.

Life is uncertain; health is insecure, and accidents are innumerable. Insurance taken now will guard you against the pecuniary damage threatened by such perils. But remember that the procrastinator often turns out to be "uninsurable," and that death *kills* the procrastinator's opportunity.

Because It is a Necessity if You are Poor.

A life policy is often all the poor man can leave his family.

Because It is Desirable if You are Rich.

It is one of the safest channels for the investment of surplus funds, and provides ready money for the comfort of the family and the settlement of the wealthy man's estate.

Because It Insures Your Riches.

It protects loans; pays mortgages, and helps to preserve property. And if riches should take unto themselves wings, then it would rescue your family from disaster.

Because Its Benefits are Certain.

Fire *may* come; death *must* come. The fire premium is a necessary *expense;* the life premium is a desirable *investment.*

Your fire policy may *never* mature. Your life policy if kept in force will *inevitably* mature.

Because It is the Safest and Best of Investments.

Every life policy issued by a sound company is an asset which, at maturity, cannot possibly be worth less than 100 cents on the dollar.

Why You Should Insure in The Equitable.

Because of the Security it Offers.

The Equitable is one of the strongest financial organizations in the world. Its assets are safely and profitably invested, and it has so large a surplus that its policyholders are protected against every conceivable danger or contingency.

Surplus not only measures financial strength but dividend-paying power. Within the last ten years the Society has paid to its policyholders in dividends a larger aggregate than any other company.

Because the Society Has Been Tested.

It has been subjected to every conceivable strain—financial panics; business depression; epidemics; waves of public apprehension—and has withstood every test.

It has been examined more thoroughly and exhaustively, perhaps, than any other company, and is now an open book, "seen and read of all men."

Because of Its Economy.

The Society's income from interest and rents in 1906 was greater than in 1905, and has increased, without the sacrifice of a single point of safety. At the same time its ratio of expenses to total income has been reduced.

Because of Its Promptness.

The Society enjoys the well-earned reputation of paying its policies with greater promptness than any other company.

Because Its Policies are STANDARD Contracts.

The Society's policies are recommended and endorsed by the State. Hence, the purchaser may discharge from his mind all anxiety regarding *the terms of the contract*, and concentrate his attention on the *financial strength and management of the company*.

Because of Its Popularity at Home.

In New York State, the home of the leading life insurance companies, the Equitable has more insurance in force than any other company. This attests the esteem in which it is held by those best fitted to judge of its merits.

Because You Want the Best.

The man who insures his life wants insurance that *insures*—protection that *protects*. He should demand the best, and be content with nothing but the best. The Equitable offers the best policy, containing every guarantee that a properly conducted company has a right to offer. It furnishes absolute security. Its policies are the GOVERNMENT BONDS of life insurance.

Never Before.

Never Before has the inherent safety of the life insurance principle been more clearly manifest.

Never Before has the financial strength of the EQUITABLE SOCIETY been so significantly demonstrated.

Never Before has the public had the opportunity of obtaining more trustworthy insurance.

Never Before have so great a number of important reforms been instituted, or such efficient measures taken, for conducting the business with conservatism and economy.

Never Before has a STANDARD LIFE INSURANCE POLICY (recommended and endorsed by the State) been obtainable by the insuring public.

Never Before have there been so many people in every community to whom insurance is an absolute necessity.

Never Before have fluctuations in values and business uncertainties proved more clearly the absolute stability of an investment in an Equitable policy—always worth at maturity 100 cents on the dollar, in spot cash.

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